

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Commerce Township	County Oakland
Fiscal Year End 12/31/05	Opinion Date 4/7/06	Date Audit Report Submitted to State 6/27/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

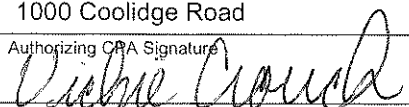
SE
Z

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Layton and Richardson, P.C.	Telephone Number 517-332-1900		
Street Address 1000 Coolidge Road	City East Lansing	State MI	Zip 48823
Authorizing CPA Signature 	Printed Name Vickie Crouch	License Number 1604878	

CHARTER TOWNSHIP OF COMMERCE
OAKLAND COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
AND
INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.
Certified Public Accountants

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
GENERAL PURPOSE FINANCIAL STATEMENTS	
Description	9
Statement of Net Assets	11
Statement of Activities	12-13
Balance Sheet – Governmental Funds	14-15
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and	
Changes in Fund Balance – Governmental Funds	18-19
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balance	
of Governmental Funds to the Statement	
of Activities – Governmental Funds	20
Fiduciary Funds – Combining Balance Sheet	21
Statement of Changes in Fiduciary Net Assets	22
Balance Sheet – Nonmajor Governmental Funds	23
Statement of Revenues, Expenditures, and Changes	
in Fund Balance – Nonmajor Governmental Funds	24
Statement of Net Assets – Component Unit –	
Downtown Development Authority	25
Statement of Activities – Component Unit –	
Downtown Development Authority	26
Notes to Financial Statements	27-45
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Statement of Revenues and Other Financial Sources – Budget and Actual	48
Statement of Expenditures and Other Uses – Budget and Actual	49
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Sewer Cap Charges Fund	50
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
GENERAL FUND	
Description	51
Schedule of General Fund Revenues and Other Financing Sources -	
By Category for the Last Ten Fiscal Periods	52-53
Schedule of General Fund Expenditures and Other Financing Uses -	
By Activity for the Last Ten Fiscal Periods	54-55
SPECIAL REVENUE FUNDS	
Description	57
Combining Balance Sheet – NonMajor Special Revenue Funds	58-61
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance – NonMajor Special Revenue Funds	62-65
Statement of Revenues, Expenditures and Changes	
in Fund Balance of Individual Funds – Budget and Actual –	
Nonmajor Special Revenue Funds	66-73

C O N T E N T S - Concluded

	PAGE
DEBT SERVICE FUND	
Description	75
Combining Balance Sheet – Nonmajor Debt Service Funds	76-81
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	82-87
CAPITAL PROJECT FUND	
Description	89
Combining Balance Sheet – Nonmajor Capital Projects Fund	90-93
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Fund	94-97
COMPONENT UNIT	
Description	99
Combined Balance Sheet – Downtown Development Authority – All Fund Types and Account Groups	100
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Downtown Development Authority	101
SCHEDULE OF INDEBTEDNESS	103-109
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	111
LETTERS OF COMMENTS AND RECOMMENDATIONS	113-114



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Charter Township of Commerce
Oakland County, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Commerce. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 48 through 50 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The introductory section, the combining and individual non-major fund financial statements, and the schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2006, on our consideration of the Charter Township of Commerce's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
April 7, 2006

Management's Discussion and Analysis

As management of the Charter Township of Commerce, we offer readers of the Charter Township of Commerce's financial statements this overview and analysis of the financial activities of the Charter Township of Commerce for the fiscal year ended December 31, 2005. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the Charter Township of Commerce exceeded its liabilities at the close of the most recent fiscal year by \$131,386,997 (net assets). Of this amount, \$59,168,588 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$8,003,117. Most of this increase is attributable to the infusion of the infrastructure and special assessments.

As of the close of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balances of \$37,880,134, an increase of \$5,021,728 in comparison with the prior year. Approximately \$19,419,678 is available for spending at the government's discretion (unreserved fund balance). Each fund will explain how this is done.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,578,684.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Charter Township of Commerce's basic financial statements comprises three components;

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Charter Township of Commerce's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Charter Township of Commerce's assets and liabilities, with the difference between the two reported as assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Charter Township of Commerce is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statement distinguish functions of the Charter Township of Commerce that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities for the Charter Township of Commerce include general government, public safety, public works, and culture and recreation.

The government-wide financial statements can be found on pages 11 – 15 of this audit report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Commerce, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Commerce can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

The Charter Township of Commerce adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statement can be found on pages 12-20 and 51-97 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Charter Township of Commerce's own programs.

The basic fiduciary fund financial statements can be found on pages 21-22 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Commerce's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 38 of this report.

The combining statements in connection with non major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual funds statements and schedules can be found on pages 23-24 and 51-97 of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Charter Township of Commerce, assets exceeded liabilities by \$131,386,997 in 2005 compared to \$123,383,880 in 2004.

The largest portion of the Charter Township of Commerce's net assets reflects its investment in capital assets (e.g. land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Charter Township of Commerce uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Charter Township of Commerce's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CHARTER TOWNSHIP OF COMMERCE'S Net Assets

	Governmental Activities	
	2005	2004
Current and other assets	\$ 61,878,773	\$ 52,756,493
Capital assets	<u>91,997,439</u>	<u>88,019,719</u>
Total Assets	153,876,212	140,776,212
Long term liabilities outstanding	\$ 17,503,480	\$ 14,221,340
Other Liabilities	<u>4,985,735</u>	<u>3,170,992</u>
Total Liabilities	22,489,215	17,392,332
Net Assets:		
Invested in capital assets, net of Related debt	\$ 72,218,439	\$ 71,543,379
Restricted	-	-
Unrestricted	<u>59,168,558</u>	<u>51,840,501</u>
Total Net Assets	\$131,386,997	\$123,383,880

Governmental activities. Governmental activities increased the Charter Township of Commerce's net assets by \$8,003,117. Key elements of this increase are as follows:

Charter Township of Commerce's Change in Net Assets

	Governmental Activities		Component Unit Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues						
Charges for services	13,982,443	13,733,503	-	-	13,982,443	13,733,503
Operating grants and Contributions	2,205,029	72,834	-	-	2,205,029	72,834
Capital grants and Contributions	--	8,170,064	-	-	--	8,170,064
General Revenues:						
Property Taxes	7,795,035	7,781,557	2,276,354	1,918,470	10,071,389	9,700,027
Other Taxes	614,042	708,772	205,424	115,596	819,466	824,368
Unrestricted investment earnings	2,031,391	1,289,747	391,817	152,213	2,423,208	1,441,960
Transfers	268,290	43,367	(268,290)	(43,367)	-0-	-0-
TOTAL REVENUES	26,896,230	31,799,844	2,605,305	2,142,912	29,501,535	33,942,756
Expenses:						
General Government	3,042,730	2,693,856	-	-	3,042,730	2,693,856
Public safety	6,903,959	6,067,813	-	-	6,903,959	6,067,813
Public Works	5,675,757	1,193,471	-	-	5,675,757	1,193,471
Highway & Streets	81,730	-	-	-	81,730	-
Culture & Recreation	1,181,970	704,276	-	-	1,181,970	704,276
Other	1,080,100	3,759,519	3,566,883	2,570,038	4,646,983	6,329,557
Interest on long term debt	926,867	736,629	-	-	926,867	736,629
Total Expenses	18,893,113	15,155,564	3,566,883	2,570,038	22,459,996	17,725,602
Increase in net assets	8,003,117	16,644,280	(961,578)	(427,126)	7,041,539	16,217,154
Net Assets (1/1/04)	123,383,880	43,080,884	16,596,601	12,798,727	139,980,481	55,879,611
Prior Period Adjustment	--	63,658,716	--	4,225,000	--	67,883,716
Assets (12/31/04)	131,386,997	123,383,880	15,635,023	16,596,601	147,022,020	139,980,481

Net

Financial Analysis of the Government's Funds

The Charter Township of Commerce uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Charter township of Commerce's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the charter Township of Commerce's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Charter Township of Commerce's governmental funds reported combined ending fund balances of \$37,880,134, an increase of \$5,021,728 in comparison with year 2004. Approximately 37% \$(14,041,477) of this total amount is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Charter Township of Commerce. The fund balance of the Charter Township of Commerce's general fund decreased by \$1,054,830 compared to 2004.

The Charter Township of Commerce along with the General Fund has five other major funds.

The fund balance for the Sewer Cap Charges Fund as of December 31, 2005 is \$15,196,333. Of this amount \$2,395,000 is reserved for various sewer projects leaving an unreserved fund balance of \$12,801,333. Any money brought in for the use of the sewer system is generated into this fund. Expenditures in this fund are for the sewer treatment plant expansion or any sewer expenses that may arise.

The fund balance for the Water Cap Charges Fund as of December 31, 2005 is \$5,695,900. Of this amount \$4,200,000 is reserved for various water projects leaving an unreserved fund balance of \$1,495,900. Any money brought in for the use of the water system is generated into this fund. Expenditures in this fund are for any water expenses that arise.

The Improvement Revolving Fund. The fund balance for the Improvement Revolving Fund as of December 31, 2005 is \$19,194,482. Of this amount \$5,135,000 is reserved. Leaving an unreserved fund balance of \$14,059,482. This fund is used as a water and sewer fund. Any money brought in for the use of the water and sewer system is generated into this fund. Expenditures in this fund are for the sewer treatment plant expansion and any water or sewer expenses that arise.

The Fire Fund balance at the end of December 31, 2005 is \$63,021. Of this amount \$63,021 is reserved for future projects. Leaving an unreserved fund balance of \$0-. Money from the general fund is supplemented to support this fund. The residents of Commerce Township voted in a millage to help support the fire department. The fire fund brought in \$1,134,023 in revenues with expenditures at \$2,284,485 leaving the General Fund supplementing this fund by \$1,213,483.

The Library Fund which is a new fund for Commerce Township. Money for this fund is generated by a millage voted in by the residents to have our own library. The voted millage brought in \$1,576,414 for 2005. This money is used to support the library. We also have a library building millage that is for the construction of a library. With the opening of our temporary library in May of 2005 the fund balance at the end of December 31, 2005 is \$1,783,555; of this amount \$1,154,245 is reserved for the library construction leaving an unreserved fund balance of \$629,310.

Other Governmental Funds

The Charter Township of Commerce maintains several individual governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report. Information on these funds can be found on pages 58-97.

The Charter Township of Commerce also has a Component Unit which is the Downtown Development Authority. Information on this Fund can be found on pages 11-13, 25-26 & 99-101

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget were relatively minor (\$341,042) decrease in appropriations) and are briefly summarized as follows:

\$ 44,305 in miscellaneous increases in general government activities
\$ 78,843 decreases allocated to public safety.
\$200,500 in increases allocated to public works.
\$33,921 decreases allocated to parks and recreation.

During the year, revenues exceeded budgetary estimates and expenses were less than budgetary estimates, thus eliminating the need to draw upon the existing fund balance.

Capital Asset and Debt Administration

Capital Assets. The Charter Township of Commerce's investment in capital assets for its governmental type activities as of December 31, 2005, amounts to \$2,585,538 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and sewer and water infrastructure. The total increase from 2004 in the Charter Township of Commerce's investment in capital assets for the current fiscal year was \$203,128. This increase was due to the addition of land purchases from the DDA (component unit) into the capital assets being depreciated.

Charter Township of Commerce's Capital Assets (net of depreciation)

	2005	2004
Land	\$ 4,893,695	\$ 4,395,218
Buildings	4,432,640	4,573,501
Improvements other than building	483,548	151,558
Machinery and equipment	1,810,196	770,868
Infrastructure	80,377,360	78,128,574
Total	\$91,997,439	\$88,019,719

Additional information on the Charter Township of Commerce's capital assets can be found on Note 5 on pages 33 & 34.

Long-term debt. At the end of December 31, 2005 the Charter Township of Commerce had a total bonded debt outstanding of \$76,779,000. Of this amount, \$19,779,000 is primary government debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the Charter Township of Commerce's debt represents bonds secured solely by specified revenue sources.

Charter Township of Commerce's Outstanding Debt
Primary Government & Component Unit Debt

	<u>2005</u>	<u>2004</u>
Component Unit Debt	\$57,000,000	\$50,762,500
Primary Government Debt		
With governmental commitment	19,779,000	13,626,340
Total	\$76,779,000	\$64,388,840

The Charter Township of Commerce's total debt increased by \$12,390,160 during the current fiscal year. The key element for this increase was a \$9,000,000 land contract for the Charter Township of Commerce's Downtown Development Authority.

The Charter Township of Commerce and its Downtown Development Authority both maintains an AA-/A-1+ rating from Standard & Poor's for general obligation debt.

Additional information on the Charter Township of Commerce's long-term debt can be found in Note 8 on pages 38-42 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Commerce's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 2840 Fisher Avenue, Commerce Township, MI 48390.

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS

	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
ASSETS		
Cash	\$ 17,393,646	\$ 2,651,623
Investments	22,855,797	1,818,484
Receivables		
Interest	186,075	15,383
Taxes	7,259,149	
Accounts	174,868	
Special assessments	13,630,691	
Bond discount	60,214	87,500
Prepaid expenses	90,706	
Due from		
Other funds	175,139	
Other governmental units	52,488	
Fixed assets (net of accumulated depreciation)	<u>91,997,439</u>	<u>68,380,234</u>
TOTAL ASSETS	<u>\$ 153,876,212</u>	<u>\$ 72,953,224</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 2,432,091	\$ 318,201
Payroll and payroll taxes	116,494	
Accrued interest	161,630	
Bonds and notes payable	2,275,520	
Noncurrent liabilities		
Bonds and notes payable	<u>17,503,480</u>	<u>57,000,000</u>
TOTAL LIABILITIES	<u>22,489,215</u>	<u>57,318,201</u>
NET ASSETS		
Invested in capital assets, net of related debt	72,218,439	11,380,234
Unrestricted	<u>59,168,558</u>	<u>4,254,789</u>
TOTAL NET ASSETS	<u>131,386,997</u>	<u>15,635,023</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 153,876,212</u>	<u>\$ 72,953,224</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental activities			
General government	\$ 3,042,730	\$ 2,364,855	\$ 2,138,282
Public safety	6,903,959	1,398,757	
Public works	5,675,757	10,067,632	
Community development and enrichment			66,747
Highways and streets	81,730	75,712	
Culture and recreation	1,181,970	75,487	
Other	1,080,100		
Interest on long-term debt	926,867		
Total governmental activities	<u>18,893,113</u>	<u>13,982,443</u>	<u>2,205,029</u>
Component unit			
Downtown Development Authority	\$ <u>3,566,883</u>	\$ <u></u>	\$ <u></u>
General Revenues .			
Property taxes levied for general purposes			
Miscellaneous			
Unrestricted investment earnings			
Transfers			
Total General Revenues and Transfers			
Change in Net Assets			
Net Assets, January 1			
Net Assets, December 31			

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNITS
	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$	\$ 1,460,407 (5,505,202) 4,391,875 66,747 (6,018) (1,106,483) (1,080,100) (926,867) (2,705,641)	\$	\$ 1,460,407 (5,505,202) 4,391,875 66,747 (6,018) (1,106,483) (1,080,100) (926,867) (2,705,641)	\$

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2005

ASSETS

	GENERAL	SEWER CAP CHARGES	2000 CENTRAL WEST SEWER EXTENSION
ASSETS			
Cash	\$ 1,329,539	\$ 2,961,570	\$ 1,045,156
Investments	510,551	13,444,285	
Receivables			
Interest	27,253	83,200	3,125
Taxes	3,742,497		
Accounts	174,868		
Special assessments		47,269	3,441,655
Due from			
Other funds	677,990	143,051	
Other governmental units			
Prepaid expenses	90,706		
TOTAL ASSETS	<u>\$ 6,553,404</u>	<u>\$ 16,679,375</u>	<u>\$ 4,489,936</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Payables			
Accounts	\$ 672,266	\$ 1,435,773	\$
Payroll and payroll taxes	47,372		
Due to other funds	12,585		
Deferred revenue	4,242,497	47,269	3,441,655
TOTAL LIABILITIES	<u>4,974,720</u>	<u>1,483,042</u>	<u>3,441,655</u>
FUND BALANCE			
Reserved for construction projects		2,395,000	
Reserved for equipment			
Reserved for debt service			1,048,281
Unreserved, reported in			
General fund	1,578,684		
Special revenue funds		12,801,333	
TOTAL FUND BALANCE	<u>1,578,684</u>	<u>15,196,333</u>	<u>1,048,281</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,553,404</u>	<u>\$ 16,679,375</u>	<u>\$ 4,489,936</u>

See accompanying notes to financial statements.

2005
CENTRAL WEST
ADDITIONAL
CHARGES,
GREENLAWN
SEWER,
CENTRAL WEST
CAP CHARGES,
SPECIAL
PROJECTS #22

CENTRAL WEST
WATER CAP
CHARGES

OTHER
GOVERNMENTAL
FUNDS

TOTAL
GOVERNMENTAL
FUNDS

\$ 762,220	\$ 638,563	\$ 10,656,598	\$ 17,393,646
		8,900,961	22,855,797
	3,530	68,967	186,075
		3,516,652	7,259,149
4,468,221		5,673,546	174,868
			13,630,691
		195,349	1,016,390
		52,488	52,488
			90,706
<u>\$ 5,230,441</u>	<u>\$ 642,093</u>	<u>\$ 29,064,561</u>	<u>\$ 62,659,810</u>
\$	\$ 99,922	\$ 224,130	\$ 2,432,091
		69,122	116,494
		828,666	841,251
4,468,221		9,190,198	21,389,840
<u>4,468,221</u>	<u>99,922</u>	<u>10,312,116</u>	<u>24,779,676</u>
		8,137,173	10,532,173
	542,171	5,575,611	542,171
762,220			7,386,112
			1,578,684
		5,039,661	17,840,994
<u>762,220</u>	<u>542,171</u>	<u>18,752,445</u>	<u>37,880,134</u>
<u>\$ 5,230,441</u>	<u>\$ 642,093</u>	<u>\$ 29,064,561</u>	<u>\$ 62,659,810</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Total fund balances - governmental funds		\$ 37,880,134
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$112,040,809 and the accumulated depreciation is \$20,043,370.		91,997,439
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.		60,214
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	\$ (19,779,000)	
Accrued interest	<u>(161,630)</u>	
		(19,940,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>21,389,840</u>
Total net assets - governmental activities		<u>\$ 131,386,997</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL	SEWER CAP CHARGES	2000 CENTRAL WEST SEWER EXTENSION
REVENUES			
Taxes	\$ 3,891,146	\$	\$
Licenses and permits	2,808,518		
Intergovernmental	2,138,282		
Charges for services and special assessments		2,508,579	524,991
Fines and forfeits	75,712		
Interest and rentals	417,961	562,876	234,406
Other revenues	297,351	71,401	
TOTAL REVENUES	<u>9,628,970</u>	<u>3,142,856</u>	<u>759,397</u>
EXPENDITURES			
General government	2,332,899		
Public safety	3,469,455		
Public works	1,685,763	2,301,367	
Culture and recreation	217,508		
Debt service			
Principal retirement			240,000
Interest and fiscal charges			171,320
Refunds			
Capital outlay			
TOTAL EXPENDITURES	<u>7,705,625</u>	<u>2,301,367</u>	<u>411,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,923,345</u>	<u>841,489</u>	<u>348,077</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of bond issues and loans			
Operating transfers in	616,218	137,965	
Operating transfers out	(3,594,393)	(328,395)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,978,175)</u>	<u>(190,430)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(1,054,830)</u>	<u>651,059</u>	<u>348,077</u>
FUND BALANCE, JANUARY 1	2,633,514		700,204
RESIDUAL EQUITY TRANSFER		14,545,274	
FUND BALANCE, DECEMBER 31	<u>\$ 1,578,684</u>	<u>\$ 15,196,333</u>	<u>\$ 1,048,281</u>

See accompanying notes to financial statements.

2005 CENTRAL WEST ADDITIONAL CHARGES, GREENLAWN SEWER, CENTRAL WEST CAP CHARGES, SPECIAL PROJECTS #22	CENTRAL WEST WATER CAP CHARGES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$	\$
		3,847,848	7,738,994
			2,808,518
826,111		66,747	2,205,029
		4,907,916	8,767,597
11,878	44,497	871,907	75,712
		245,290	2,143,525
<u>837,989</u>	<u>44,497</u>	<u>9,939,708</u>	<u>614,042</u>
			24,353,417
		14,946	2,347,845
		3,296,339	6,765,794
		879,496	4,866,626
		2,311,073	2,528,581
75,769		2,434,000	2,674,000
		460,802	707,891
		190,509	190,509
<u>75,769</u>	<u>2,580,678</u>	<u>2,908,055</u>	<u>5,488,733</u>
		12,495,220	25,569,979
<u>762,220</u>	<u>(2,536,181)</u>	<u>(2,555,512)</u>	<u>(1,216,562)</u>
	3,229,154	2,740,846	5,970,000
	(150,802)	7,022,811	7,776,994
	<u>(150,802)</u>	<u>(3,435,114)</u>	<u>(7,508,704)</u>
	3,078,352	6,328,543	6,238,290
762,220	542,171	3,773,031	5,021,728
		29,524,688	32,858,406
		(14,545,274)	
<u>\$ 762,220</u>	<u>\$ 542,171</u>	<u>\$ 18,752,445</u>	<u>\$ 37,880,134</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

Net changes in fund balances - total governmental funds	\$ 5,021,728
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	6,563,258
Less: current year depreciation	(2,585,538)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,274,522
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Bond and loan proceeds	(5,970,000)
Bond discount	61,044
Accrued interest	(28,467)
Principal payments	2,674,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of current year bond discount	(7,430)
Change in net assets of governmental activities	\$ <u>8,003,117</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2005

	AGENCY FUNDS		PENSION TRUST FUND DEFINED CONTRIBUTION PENSION PLAN	TOTALS
	TRUST AND AGENCY	CURRENT TAX COLLECTION		
ASSETS				
Cash and cash equivalents	\$ 1,718,204	\$ 7,694,895	\$	\$ 9,413,099
Investments	<u>857,042</u>	<u></u>	<u>4,097,558</u>	<u>4,954,600</u>
TOTAL ASSETS	<u>\$ 2,575,246</u>	<u>\$ 7,694,895</u>	<u>\$ 4,097,558</u>	<u>\$ 14,367,699</u>
LIABILITIES				
Deposits payable				
Refundable bonds	\$ 1,505,282	\$	\$	\$ 1,505,282
Escrow deposits	<u>728,852</u>			<u>728,852</u>
Due to other funds	118,124	57,015		175,139
Due to other governmental units		7,637,880		7,637,880
Other liabilities	<u>222,988</u>	<u></u>	<u></u>	<u>222,988</u>
TOTAL LIABILITIES	<u>2,575,246</u>	<u>7,694,895</u>	<u></u>	<u>10,270,141</u>
NET ASSETS				
Held in trust for pension benefits	<u></u>	<u></u>	<u>4,097,558</u>	<u>4,097,558</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,575,246</u>	<u>\$ 7,694,895</u>	<u>\$ 4,097,558</u>	<u>\$ 14,367,699</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	ACTUAL
ADDITIONS	
Contributions	
Employer	\$ 322,861
Investment income	
Interest	<u>516,517</u>
TOTAL ADDITIONS	<u>839,378</u>
DEDUCTIONS	
Benefits	
Refunds of contributions	269,731
Other deductions	<u>8,001</u>
TOTAL DEDUCTIONS	<u>277,732</u>
NET INCREASE	561,646
NET ASSETS, JANUARY 1	<u>3,535,912</u>
NET ASSETS, DECEMBER 31	<u>\$ 4,097,558</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 4,195,409	\$ 5,787,822	\$ 673,367	\$ 10,656,598
Investments	8,900,961			8,900,961
Receivables				
Interest	64,320	4,647		68,967
Taxes	3,516,652			3,516,652
Special assessments	3,774	5,669,772		5,673,546
Due from				
Other funds	150,372	44,977		195,349
Other governmental units	52,488			52,488
TOTAL ASSETS	<u>\$ 16,883,976</u>	<u>\$ 11,507,218</u>	<u>\$ 673,367</u>	<u>\$ 29,064,561</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payables				
Accounts	\$ 218,701	\$	\$ 5,429	\$ 224,130
Payroll and payroll taxes	69,122			69,122
Due to other funds	526,920	261,835	39,911	828,666
Deferred revenue	3,520,426	5,669,772		9,190,198
TOTAL LIABILITIES	<u>4,335,169</u>	<u>5,931,607</u>	<u>45,340</u>	<u>10,312,116</u>
FUND BALANCE				
Reserved for construction	7,509,146		628,027	8,137,173
Reserved for debt service		5,575,611		5,575,611
Unreserved	5,039,661			5,039,661
TOTAL FUND BALANCE	<u>12,548,807</u>	<u>5,575,611</u>	<u>628,027</u>	<u>18,752,445</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 16,883,976</u>	<u>\$ 11,507,218</u>	<u>\$ 673,367</u>	<u>\$ 29,064,561</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 3,269,486	\$ 578,362	\$	\$ 3,847,848
Intergovernmental	66,747			66,747
Interest income	341,453	501,551	28,903	871,907
Charges for services	2,987,083			2,987,083
Special assessments		1,890,014	30,819	1,920,833
Other revenues	245,290			245,290
TOTAL REVENUES	<u>6,910,059</u>	<u>2,969,927</u>	<u>59,722</u>	<u>9,939,708</u>
EXPENDITURES				
General government	14,946			14,946
Public safety	3,296,339			3,296,339
Public works	879,496			879,496
Culture and recreation	2,311,073			2,311,073
Debt service				
Principal retirement		2,434,000		2,434,000
Interest and fiscal charges		460,802		460,802
Refunds		190,509		190,509
Capital outlay	620,410		2,287,645	2,908,055
TOTAL EXPENDITURES	<u>7,122,264</u>	<u>3,085,311</u>	<u>2,287,645</u>	<u>12,495,220</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(212,205)</u>	<u>(115,384)</u>	<u>(2,227,923)</u>	<u>(2,555,512)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds			2,740,846	2,740,846
Operating transfers in	6,655,758	284,058	82,995	7,022,811
Operating transfers out	(3,057,097)	(934)	(377,083)	(3,435,114)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,598,661</u>	<u>283,124</u>	<u>2,446,758</u>	<u>6,328,543</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	3,386,456	167,740	218,835	3,773,031
FUND BALANCE, JANUARY 1	23,707,625	5,407,871	409,192	29,524,688
RESIDUAL EQUITY TRANSFER	(14,545,274)			(14,545,274)
FUND BALANCE, DECEMBER 31	<u>\$ 12,548,807</u>	<u>\$ 5,575,611</u>	<u>\$ 628,027</u>	<u>\$ 18,752,445</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF NET ASSETS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2005

	TOTALS (MEMORANDUM ONLY)
ASSETS	
Cash and cash equivalents	\$ 2,651,623
Investments	1,818,484
Interest receivable	15,383
Bond discount	87,500
Fixed assets (net of accumulated depreciation)	<u>68,380,234</u>
TOTAL ASSETS	<u>\$ 72,953,224</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 318,201
Long-term debt obligations	<u>57,000,000</u>
TOTAL LIABILITIES	<u>57,318,201</u>
FUND BALANCE	
Invested in capital assets, net of related debt	11,380,234
Unreserved - undesignated	<u>4,254,789</u>
TOTAL FUND BALANCE	<u>15,635,023</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 72,953,224</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2005

	EXPENSES	PROGRAM REVENUES			TOTAL DOWNTOWN DEVELOPMENT AUTHORITY
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Component unit					
Downtown development authority	\$ 3,566,883	\$	\$	\$	\$ (3,566,883)
Total Component Unit	<u>\$ 3,566,883</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>(3,566,883)</u>
General Revenues					
Property taxes					2,276,354
Miscellaneous					205,424
Unrestricted investment earnings					391,817
Transfers					<u>(268,290)</u>
Total General Revenues and Transfers					<u>2,605,305</u>
Change in Net Assets					(961,578)
Net Assets, January 1					<u>16,596,601</u>
Net Assets, December 31					<u>\$ 15,635,023</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Commerce was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township was originally organized in 1834 and covers an area of approximately 28 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 35,000 residents, including police and fire protection, building ordinance enforcement, road improvements, community services and enrichment, elections, tax assessments, planning, sewer and water, refuse disposal, street lighting, dust control, and aquatic weed control.

The accounting policies of the Charter Township of Commerce conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the Township in the component unit column to emphasize their legally separate status from the primary government. The Township is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Charter Township of Commerce and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the Charter Township of Commerce is reported separately from certain legally separate component units for which the Charter Township of Commerce, the primary government, is financially accountable.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Charter Township of Commerce.

The Charter Township of Commerce reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Sewer Capital Fund accounts for major improvements and sewer projects.

The 2000 Central West Sewer extension fund is used for payment of debt through special assessment proceeds.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The 2005 Central West Additional Charges, Greenlawn Sewer, Central West Capital Charges and Special Project #22 is used for payment of debt through special assessment collections.

The Central West Water Cap charges fund is used to account for the expenditures incurred to install capital improvements.

Additionally, the Charter Township of Commerce reports the following fund types:

The Pension Trust Fund accounts for the activities of the Township employees' retirement system, which accumulates resources for pension benefit payments to qualified Township employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Charter Township of Commerce has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

When both restricted and unrestricted resources are available for use, it is the Charter Township of Commerce's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

The Township prepares annual budgets for its General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds on the modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Under the modified accrual basis, outstanding encumbrances are recognized as expenditures when goods or services are received/performed. Encumbrances outstanding at December 31, 2005 that are subsequently performed/received will be recognized as expenditures in the fiscal period in which performed/received.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity of three months or less. Investments are stated at fair value.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Concluded

F. Inventories

The cost of inventory items in all of the Township's governmental funds are recorded as an expenditure at the time of purchase. As of December 31, 2005, the Township had no significant inventories on hand.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Charter Township of Commerce as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

H. Compensated Absences

The Township's sick pay and vacation pay policies do not allow for the accumulation of unused allowances subject to cash settlement in future periods. Therefore, no accrual has been recorded in the respective funds or the General Long-Term Debt Account Group.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded**

I. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

J. Encumbrances

The Township does not record encumbrances outstanding at the end of the fiscal period as either expenditures or as a reservation of fund balance. Significant long-term contract commitments or board approved reservations of fund balance are recorded as reserves for subsequent years' expenditures, a fund balance appropriation similar to but distinct from a reserve for encumbrances.

K. Fund Balance Terminology

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure (for example, inventories, prepaid expenses, and non-current assets), or (3) legal restrictions as to expenditures and appropriations. Such reserves are not intended as valuation allowances, but merely demonstrate that such assets are not available for unspecified future expenditures.

L. Insurance and Similar Services

Insurance and similar services which extend over more than one accounting period are accounted for as expenditures in the period paid.

M. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

CHARTER TOWNSHIP OF COMMERCE

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2005

NOTE 2: COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds are adopted at the activity level, as shown in the combining and individual fund financial statements.

During 2005, the Township did incur expenditures in budgetary funds which were in excess of the amount appropriated.

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
General Fund			
Public safety	\$ 3,456,289	\$ 3,469,455	\$(13,166)
Road Improvement			
Capital outlay	60,000	81,730	(21,730)
Improvement and Building			
Capital Outlay	84,743	452,167	(367,424)
Improvement Revolving			
Public works		468,769	(468,769)
Library			
Community services	2,230,900	2,243,142	(12,242)

The Township's appropriation resolution is generally passed during the December preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions state the purpose and amount of the budget changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

NOTE 3: AMOUNT PAYABLE TO OTHER GOVERNMENTS AT DECEMBER 31, 2005

The Trust and Agency Fund – Current Tax Collection Fund is used to account for the property taxes that the Township collects for various governmental units, such as the county and local schools. As of December 31, 2005, the Township had \$7,637,880 in property tax collections and related receipts in this fund which are payable to various units.

NOTE 4: PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50 percent of current market value, is established by the Township and is subject to possible equalization by the County and State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping government entities in the Township, which includes school districts, a community college, and the County.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 4: PROPERTY TAXES – Concluded

The Township recognizes property taxes as revenue in the year subsequent to the levy, except the DDA summer tax levy that is recognized as revenue when collected and remitted to the Township DDA from the tax account. Property taxes levied on December 1, 2004, (based on December 31, 1999 assess valuations), have been recorded as revenues in the current financial statements. Property taxes levied on December 1, 2005 have been recorded as taxes receivable with corresponding amounts recorded as deferred revenues in the Township's taxing funds.

Beginning approximately March 1, all unpaid taxes become delinquent and are collected by the Oakland County Treasurer. Any real property taxes returned delinquent to the Oakland County Treasurer are paid to the Township through the County's Delinquent Tax Revolving Fund.

Delinquent personal property taxes receivable are not recorded in the financial statements, since outstanding personal property taxes due the Township are relatively minor in amount, and prior experience has shown that a relatively small portion of the delinquent personal property taxes are collected after the close of the fiscal period in which they become delinquent.

The December 2004 levy was as follows:

Taxable property valuation:	\$ <u>1,576,906,593</u>
Millage rates:	
General operating	1.4100
Extra voted fire	1.0036
Extra voted library	1.0000
Extra voted law enforcement	1.0852
Extra voted open space	.7000

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2005	ADDITIONS	DELETIONS	DECEMBER 31, 2005
Capital assets not being depreciated				
Land	\$ <u>4,395,218</u>	\$ <u>498,477</u>	\$ _____	\$ <u>4,893,695</u>
Capital assets being depreciated				
Buildings	5,708,893			5,708,893
Improvements	381,570	356,392		737,962
Machinery and equipment	2,451,732	1,353,370		3,805,102
Infrastructure	<u>92,540,139</u>	<u>4,355,019</u>	_____	<u>96,895,158</u>
Total Capital assets being depreciated	<u>101,082,334</u>	<u>6,064,781</u>	_____	<u>107,147,115</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 5: **CAPITAL ASSETS – Concluded**

	JANUARY 1, 2005	ADDITIONS	DELETIONS	DECEMBER 31, 2005
Less: Accumulated depreciation				
Buildings	\$ 1,135,392	\$ 140,861	\$	\$ 1,276,253
Improvements	230,012	24,402		254,414
Machinery and equipment	1,680,864	314,042		1,994,906
Infrastructure	<u>14,411,565</u>	<u>2,106,233</u>	<u> </u>	<u>16,517,798</u>
Total Accumulated Depreciation	<u>17,457,833</u>	<u>2,585,538</u>	<u> </u>	<u>20,043,371</u>
Total Capital Assets being depreciated - Net	<u>83,624,501</u>	<u>3,479,243</u>	<u> </u>	<u>87,103,744</u>
NET CAPITAL ASSETS	<u>\$88,019,719</u>	<u>\$ 3,977,720</u>	<u>\$ </u>	<u>\$91,997,439</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 1,260,468
Public safety	325,261
Culture and recreation	108,948
Public works	<u>890,861</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	<u>\$ 2,585,538</u>

A summary of the asset activity for the governmental activity component unit is as follows:

	JANUARY 1, 2005	ADDITIONS	DELETIONS	DECEMBER 31, 2005
COMPONENT UNIT				
Infrastructure	\$ 7,204,503	\$ 694,922	\$	\$ 7,899,425
Land	29,291,387	25,343,398		54,634,785
Buildings	10,898,095			10,898,095
Equipment	<u>127,800</u>	<u> </u>	<u> </u>	<u>127,800</u>
Total Capital Assets	<u>47,521,785</u>	<u>26,038,320</u>	<u> </u>	<u>73,560,105</u>
Less: accumulated depreciation				
Buildings	2,179,619	272,452		2,452,071
Equipment	127,800			127,800
Infrastructure	<u>2,437,500</u>	<u>162,500</u>	<u> </u>	<u>2,600,000</u>
Total Accumulated Depreciation	<u>4,744,919</u>	<u>434,952</u>	<u> </u>	<u>5,179,871</u>
NET CAPITAL ASSETS	<u>\$ 42,776,866</u>	<u>\$ 25,603,368</u>	<u>\$ </u>	<u>\$ 68,380,234</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 6: **CASH AND INVESTMENTS**

The Township's deposits and investments at December 31, 2005 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 26,806,039	\$	\$ 26,806,039
Investments held by:			
Bank		23,712,839	23,712,839
Defined contribution plan		<u>4,097,558</u>	<u>4,097,558</u>
Deposits and investments	26,806,039	27,810,397	54,616,436
Petty cash and cash on hand	<u>706</u>		<u>706</u>
Total cash and investments	<u>\$ 26,806,745</u>	<u>\$ 27,810,397</u>	<u>\$ 54,617,142</u>

DEPOSITS

At December 31, 2005, the book value of the Township's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$26,806,039 with a corresponding bank balance of \$26,645,217. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$1,000,000 is insured (credit risk category #1) and the remaining \$25,645,217 is uninsured and uncollateralized (credit risk category #3).

INVESTMENTS

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 2005. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Township or its agent

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 6: CASH AND INVESTMENTS - Continued

INVESTMENTS – Concluded

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Township's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment type:					
Certificates of deposit	\$ <u>103,990</u>	\$ <u>23,608,849</u>	\$ _____	\$ <u>23,712,839</u>	\$ <u>23,712,839</u>
Investments not subject to categorization:					
Defined contribution plan	_____	<u>4,097,558</u>	_____	<u>4,097,558</u>	<u>4,097,558</u>
TOTAL					
INVESTMENTS	\$ <u>103,990</u>	\$ <u>27,706,407</u>	\$ _____	\$ <u>27,810,397</u>	\$ <u>27,810,397</u>

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2005, \$53,351,624 of the government's bank balance of \$54,455,614 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 53,351,624

COMPONENT UNIT – DDA- CASH AND INVESTMENTS

The Authority's deposits and investments at December 31, 2005 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 2,651,623	\$ _____	\$ 2,651,623
Investments held by:			
Bank	_____	<u>1,818,484</u>	<u>1,818,484</u>
Total cash and investments	\$ <u>2,651,623</u>	\$ <u>1,818,484</u>	\$ <u>4,470,107</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 6: CASH AND INVESTMENTS – Concluded

COMPONENT UNIT – DDA- CASH AND INVESTMENTS - Concluded

DEPOSITS

At December 31, 2005, the book value of the Downtown Development Authority's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$2,651,623 with a corresponding bank balance of \$2,665,116. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$430,036 is insured (risk category #1) and the remaining \$2,235,080 is uninsured and uncollateralized (risk category #3).

INVESTMENTS

The Authority is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 2005. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Authority or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Authority's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Authority's name.

		<u>CATEGORY</u>			<u>CARRYING</u>	<u>MARKET</u>
		<u>1</u>	<u>2</u>	<u>3</u>	<u>AMOUNT</u>	<u>VALUE</u>
Certificates of deposit	\$ 100,000		\$ 1,718,484		<u>\$1,818,484</u>	<u>\$1,818,484</u>

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

Custodial Credit Risk -- Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2005, \$3,953,564 of the government's bank balance of \$4,483,600 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 3,953,564

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 7: EMPLOYEE BENEFITS

A. RETIREMENT PLAN

Plan Description

Substantially all of the employees of the Township are covered by a pension plan. The current plan is a defined contribution plan requiring contributions by the Township of 12% to 13% of each employee's base salary. The plan is administered by the Township through Manulife Financial. The employer's current year covered payroll approximates \$2,753,879 (total current year payroll for all employees approximates \$3,139,811). Eligibility for coverage is the first work day on which the employee has reached age 18, but not more than 75 years of age, with 100% vesting after 20 months of employment. The Township's contribution for 2005 was \$322,861.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the defined contribution plan are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Investments of the plan are reported at fair value based on provided market values. Investment income is recognized as earned. The net appreciation in the fair value of investments is recognized as additions to assets. Gains and losses on the sale of securities are recognized on the transaction date.

B. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRS section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. A trust has been established for the plan assets and the related assets and liability are not included in the Township's general purpose financial statements.

NOTE 8: LONG-TERM OBLIGATIONS

The State of Michigan Charter Township Act of 1947, as amended, limits the amount of general obligation debt that may be carried by the Charter Township of Commerce to an amount not to exceed ten percent of the latest assessed value of all real and personal property within the Township. In determining net debt, special assessment bonds, revenue bonds, and certain bonds issued for the abatement of pollution are not included in the calculation, even if such debt was issued as general obligation debt of the Township. In addition, any monies held by the Township for future payment of currently outstanding debt reduces the amount of debt subject to this provision.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 8: **LONG-TERM OBLIGATIONS** - Continued

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2005.

	PRIMARY GOVERNMENT DEBT	COMPONENT UNIT DEBT
As of January 1, 2005	\$ 16,483,000	\$ 48,000,000
Additions (Reductions)	<u>3,296,000</u>	<u>9,000,000</u>
As of December 31, 2005	<u>\$ 19,779,000</u>	<u>\$ 57,000,000</u>

Long-term debt at December 31, 2005 is comprised of the individual issues:

	BALANCE JANUARY 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2005	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government				
1992 Lake Pine Capital Charges Special Assessment General Obligation Bonds, Series A	\$ 8,000	\$(4,000)	\$ 4,000	\$
1992 Special Assessment General Obligation Limited Tax Bond, Series B	1,050,000	(150,000)	900,000	150,000
2005 Special Assessment General Obligation Limited Tax Bond, Series B		665,000	665,000	45,000
2005 Special Assessment General Obligation Limited Tax Bond, Series A		5,305,000	5,305,000	565,000
1997 Special Project #8, Mt. Royal Water, Special Assessment Limited Tax General Obligation Bonds, Series A	120,000	(120,000)		
1997 Commerce-Carroll Water and Sewer, MPB Pump Station and Lateral, Hoeft Water, South Benstein Sewer, Special Assessment Limited Tax General Obligation Bonds, Series A	45,000	(45,000)		

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 8: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2005	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Continued				
1998 Carey/Commerce Water Main Tree Haven/Wenonah Hills Paving, Special Projects #9, Commerce Plaza Sewer, Wise Road Water, Special Assessment Limited Tax General Obligation Bonds, Series A	\$ 345,000	\$(320,000)	\$ 25,000	\$
1998 North Shores/MPB Water, North Shores/MPB Sewer, Peninsular Park Sewer, Peninsular Park Water, Union Lake Highland Sewer, Four Oaks/Liesel Court Paving, Maynard Drain, Lower Mt. Royal Paving, Special Projects # 10, Special Projects #11, Special Assessment Limited Tax General Obligation Bonds, Series B	560,000		560,000	50,000
1999 Switzerland Sub Sewer, Edgewood North Water, West Village Sewer, Arbor Village Sewer, Fox Lake Canal Special Project # 12, Special Assessment Limited Tax General Obligation Bonds, Series A	290,000	(45,000)	245,000	45,000
1999 General Obligation Unlimited Tax Bonds	575,000	(575,000)		
Special Assesment Limited Tax General Obligation Bonds, Series 2000-A	300,000		300,000	
Special Assesment Limited Tax General Obligation Bonds, Series 2000-B	890,000	(155,000)	735,000	155,000

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 8: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2005	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Concluded				
2001 Golf Lane Special Project #13 Special Assessment Limited Tax General Obligation Bonds, Series B	\$ 425,000	\$(100,000)	\$ 325,000	\$ 100,000
2001 A Special Assessment #4202	540,000	(95,000)	445,000	90,000
Special Assesment Bonds Series 2002-A	3,980,000	(240,000)	3,740,000	240,000
Special Assesment Bonds Series 2002-BSA	525,000	(75,000)	450,000	75,000
Special Assesment Bonds Series 2003-A	4,000,000	(500,000)	3,500,000	500,000
Special Assessment Bonds Series 2004-A	555,000	(60,000)	495,000	60,000
IPC Financing	<u>2,275,000</u>	<u>(190,000)</u>	<u>2,085,000</u>	<u>200,000</u>
Total Primary Government	<u>\$ 16,483,000</u>	<u>\$ 3,296,000</u>	<u>\$ 19,779,000</u>	<u>\$ 2,275,000</u>
Component Unit				
El Dorado Land Contract Limited Tax General Obligation Bonds	\$	\$ 9,000,000	\$ 9,000,000	\$
2003 Downtown Development Authority Limited Tax General Obligation Bonds	13,000,000		13,000,000	
2004 Downtown Development Authority Limited Tax General Obligation Bonds	<u>35,000,000</u>		<u>35,000,000</u>	
Total Component Unit	<u>\$ 48,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 57,000,000</u>	<u>\$</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 8: LONG-TERM OBLIGATIONS – Concluded

The annual requirements to pay future principal and interest are as follows:

		GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL
YEAR ENDING JUNE 30,				
2006	Principal	\$ 2,275,000	\$	\$ 2,275,000
	Interest	755,716	260,000	1,015,716
	Total	3,030,716	260,000	3,290,716
2007	Principal	2,720,000	9,000,000	11,720,000
	Interest	666,993	260,000	926,993
	Total	3,386,993	9,260,000	12,646,993
2008	Principal	2,655,000	425,000	3,080,000
	Interest	566,910	260,000	826,910
	Total	3,221,910	685,000	3,906,910
2009	Principal	2,295,000	1,075,000	3,370,000
	Interest	468,492	251,500	719,992
	Total	2,763,492	1,326,500	4,089,992
2010	Principal	2,055,000	1,225,000	3,280,000
	Interest	385,101	240,500	625,601
	Total	2,440,101	1,465,500	3,905,601
2011 - 2015	Principal	6,529,000	8,400,000	14,929,000
	Interest	961,921	932,500	1,894,421
	Total	7,490,921	9,332,500	16,823,421
2016 - 2020	Principal	1,250,000	11,535,000	12,785,000
	Interest	185,750	230,000	415,750
	Total	1,435,750	11,765,000	13,200,750
2021 - 2025	Principal		7,395,000	7,395,000
	Interest		varies	varies
	Total		7,395,000	7,395,000
2026 - 2030	Principal		9,125,000	9,125,000
	Interest		varies	varies
	Total		9,125,000	9,125,000
2031 - 2035	Principal		8,820,000	8,820,000
	Interest		varies	varies
	Total		8,820,000	8,820,000
TOTAL	Principal	19,779,000	57,000,000	76,779,000
	Interest	3,990,882	2,434,500	6,425,382
	Total	23,769,882	59,434,500	83,204,382

There are a number of limitations and restrictions contained in the various bond indentures. The Township is in compliance with all significant limitations and restrictions.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 9: INTERFUND BALANCE

The amounts of interfund receivables and payables are as follows:

General	\$ 677,990	Special Revenue -	
		Building Inspection	\$ 122,068
		Community Development	41,920
		Trust and Agency	71,938
		Tax	57,015
		Fire	362,932
		Debt Service	<u>22,117</u>
Subtotal	<u>677,990</u>	Subtotal	<u>677,990</u>
Special Revenue		Debt service	261,835
Sewer	143,051	Capital projects	17,794
Water	89,451	General fund	12,585
Improvement revolving	48,336	Trust and agency	46,186
Community Development	12,585		
Debt Service	<u>44,977</u>		
Subtotal	<u>338,400</u>	Subtotal	<u>338,400</u>
Total	<u>\$ 1,016,390</u>	Total	<u>\$ 1,016,390</u>

RECONCILIATION TO STATEMENTS

	DUE FROM		DUE TO
Government funds	\$ <u>175,139</u>	Fiduciary	\$ <u>175,139</u>

These interfund receivables and payables were made for cash flow purposes.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2005

NOTE 10: RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND

The Township of Commerce has committed funds to construction projects in the Special Revenue Funds as of December 31, 2005 as follows:

Sewer Cap Charges Fund	
Newton Road/South Commerce Sewer Force Main	\$ 1,800,000
Brookneal Sanitary Sewer	25,000
Pump Station Metering Design	50,000
Pump Station 2.4 Upgrade	50,000
Waste Water Treatment Plant	400,000
Pump Section 4.0 Upgrade	50,000
Newton Road Culvert Replacement	<u>20,000</u>
Subtotal	<u>2,395,000</u>
Water Cap Charges Fund	
Benstein/Ladd Road Water Main Tap Fees	800,000
Water Main Loop at Commerce & Carroll Lake Road	200,000
Central West Water Main	2,800,000
Upgrades to Wetland in Robert H. Long Park	<u>400,000</u>
Subtotal	<u>4,200,000</u>
Improvement and Building Fund	
Single Year SAD's	290,123
Township Hall	<u>1,652,832</u>
Subtotal	<u>1,942,955</u>
Fire Fund	
Reserved for Future Projects	<u>63,021</u>
Road Improvement Fund	
S. Commerce Road Culvert Improvement	68,925
Union Lake Right Away Acquisition	<u>80,000</u>
Subtotal	<u>148,925</u>
Library Fund	
Library Construction	<u>1,154,245</u>
TOTAL RESERVED	<u>\$ 9,904,146</u>

The total of \$9,904,146 is reported as reserved fund balance.

NOTE 11: CONTINGENT LIABILITY

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a material effect of the financial condition of the Township.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2005

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees as well as medical benefits; and natural disasters. The Township manages its liability, property risk, and medical benefits through the purchase of commercial insurance.

The Township manages its workers' compensation insurance by participating in Michigan Municipal Workers' Compensation Fund, a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to the Fund for its insurance coverage. The Fund is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based coverage for each incident to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: ACCUMULATED FUND DEFICITS

The Township had the following fund deficits at December 31, 2005:

Debt Service	
1997 Special Project #8,	
Mount Royal Water	
Special Assessment	\$(16,034)
1992 Lake Pine Capital Charges	(121)
Capital Projects	
Special Project #23	(22,117)

NOTE 14: INFRASTRUCTURE

As of December 31, 2004, all prior years' infrastructure has been recorded.

NOTE 15: OPERATING TRANSFERS

	TRANSFERS IN	TRANSFERS OUT
General	\$ 616,218	\$ 3,594,393
Fire	1,239,528	
Retirement health	30,000	
Improvement and building	2,535,082	2,581,072
Improvement revolving	380,509	107,025
Building department	117,023	369,000
Library	2,338,816	
Sewer cap charges	137,965	328,395
Water cap charges	14,800	
Debt service	284,058	934
Capital projects	82,995	527,885
Component unit		268,290
	<u>\$ 7,776,994</u>	<u>\$ 7,776,994</u>

These transfers were made for cash flow purposes.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES	BUDGETED AMOUNTS		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Taxes				
Current	\$ 4,407,868	\$ 4,407,868	\$ 3,852,822	\$ (555,046)
Penalties and interest on delinquent taxes	15,000	15,000	37,801	22,801
Payment in lieu of taxes	500	500	523	23
Summer tax collection fee	85,000	85,000	98,437	13,437
Trailer fees	6,354	6,354	5,878	(476)
	<u>4,514,722</u>	<u>4,514,722</u>	<u>3,995,461</u>	<u>(519,261)</u>
Licenses and permits				
Building permits and fees	5,000	5,000	10,081	5,081
Other licenses	15,000	15,000	26,313	11,313
Cable television fees	235,000	235,000	393,204	158,204
	<u>255,000</u>	<u>255,000</u>	<u>429,598</u>	<u>174,598</u>
Intergovernmental revenues				
State revenue sharing	2,300,000	2,300,000	2,138,282	(161,718)
Federal and state grants	51,500	51,500	5,738	(45,762)
	<u>2,351,500</u>	<u>2,351,500</u>	<u>2,144,020</u>	<u>(207,480)</u>
Charges for services				
Zoning fees	22,000	22,000	14,800	(7,200)
Administration fees	150,000	150,000	428,555	278,555
Refuse fees	1,535,000	1,535,000	1,504,172	(30,828)
DDA fees	67,000	67,000	67,000	
Walled Lake Schools fee	102,522	102,522	153,783	51,261
Dust and weed control fees	51,993	51,993	50,409	(1,584)
Snow removal fees	2,884	2,884	2,683	(201)
Street lighting fees	25,000	25,000	22,395	(2,605)
	<u>1,956,399</u>	<u>1,956,399</u>	<u>2,243,797</u>	<u>287,398</u>
Fines and forfeitures	55,000	55,000	75,712	20,712
Rents	91,000	91,000	112,133	21,133
Reimbursements	1,166	1,166	131,920	130,754
Interest income	60,100	60,100	305,828	245,728
Miscellaneous	147,800	147,800	190,501	42,701
TOTAL REVENUES	<u>\$ 9,432,687</u>	<u>\$ 9,432,687</u>	<u>\$ 9,628,970</u>	<u>\$ 196,283</u>

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGETED AMOUNTS</u>			VARIANCE- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
GENERAL GOVERNMENT				
Expenditures				
Township board	\$ 28,300	\$ 28,300	\$ 27,386	\$ 914
Township supervisor	111,639	163,577	161,294	2,283
Elections	38,300	38,300	29,754	8,546
Auditing and accounting	18,500	18,500	19,130	(630)
Assessing	593,486	572,065	564,828	7,237
Legal fees	400,000	320,000	312,461	7,539
Township clerk	493,718	493,718	486,630	7,088
Tax roll and data processing	30,500	30,500	4,706	25,794
Board of review	9,000	9,000	6,500	2,500
General services	216,000	301,188	214,216	86,972
Township hall	102,000	93,800	82,512	11,288
Township treasurer	320,063	335,963	336,881	(918)
Other costs	94,300	95,200	86,601	8,599
	<u>2,455,806</u>	<u>2,500,111</u>	<u>2,332,899</u>	<u>167,212</u>
Public safety				
Police protection	3,119,789	3,119,789	3,133,866	(14,077)
Ordinance enforcement	166,767	112,800	112,622	178
Planning and zoning	248,576	223,700	222,967	733
	<u>3,535,132</u>	<u>3,456,289</u>	<u>3,469,455</u>	<u>(13,166)</u>
Public works				
Weed and dust control	111,493	102,993	92,324	10,669
Street lighting	25,000	39,000	37,150	1,850
Refuse	1,500,000	1,695,000	1,556,289	138,711
	<u>1,636,493</u>	<u>1,836,993</u>	<u>1,685,763</u>	<u>151,230</u>
Culture and recreation				
Parks and recreation	301,221	267,300	261,744	5,556
Library services	473,083		(44,236)	44,236
	<u>774,304</u>	<u>267,300</u>	<u>217,508</u>	<u>49,792</u>
TOTAL EXPENDITURES	<u>8,401,735</u>	<u>8,060,693</u>	<u>7,705,625</u>	<u>355,068</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,030,952	1,371,994	1,923,345	551,351
OTHER FINANCING SOURCES (USES)				
Operating transfers in	506,220	506,220	616,218	109,998
Operating transfers out	<u>(1,442,788)</u>	<u>(3,513,500)</u>	<u>(3,594,393)</u>	<u>(80,893)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	94,384	(1,635,286)	(1,054,830)	580,456
FUND BALANCE, JANUARY 1	<u>2,633,514</u>	<u>2,633,514</u>	<u>2,633,514</u>	
FUND BALANCE, DECEMBER 31	\$ <u>2,727,898</u>	\$ <u>998,228</u>	\$ <u>1,578,684</u>	\$ <u>580,456</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

SEWER CAP CHARGES FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 2,566,000	\$ 2,566,000	\$ 2,508,579	\$ (57,421)
Interest on investments	100,000	100,000	562,876	462,876
Other	75,000	75,000	71,401	(3,599)
TOTAL REVENUES	2,741,000	2,741,000	3,142,856	401,856
EXPENDITURES				
Public works	3,006,000	3,006,000	2,301,367	704,633
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(265,000)	(265,000)	841,489	1,106,489
OTHER FINANCING SOURCES (USES)				
Operating transfers in		500	137,965	137,465
Operating transfers out		(314,571)	(328,395)	(13,824)
TOTAL OTHER FINANCING SOURCES (USES)		(314,071)	(190,430)	123,641
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(265,000)	(579,071)	651,059	1,230,130
FUND BALANCE, JANUARY 1				
RESIDUAL EQUITY TRANSFER	14,545,274	14,545,274	14,545,274	
FUND BALANCE, DECEMBER 31	\$ 14,280,274	\$ 13,966,203	\$ 15,196,333	\$ 1,230,130

See accompanying notes to financial statements.

GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are general administration of the Township, police and fire protection, and public works. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -

BY CATEGORY

LAST TEN FISCAL PERIODS

(UNAUDITED)

	1996	1997	1998	1999
REVENUES				
Current property taxes	\$ 2,310,306	\$ 2,458,163	\$ 2,660,042	\$ 2,842,968
Excess of roll	92,229	75,419	93,949	108,965
Delinquent taxes, penalties and interest	7,405	17,305	12,785	38,859
Payment in lieu of taxes	203	203	203	203
State revenue sharing	1,808,325	1,772,795	1,886,903	2,016,583
Permits, licenses and fees	790,249	966,944	1,197,267	1,110,338
Interest on investments	253,870	339,665	333,643	344,444
Federal, state and local grants				
Other	33,200	134,150	100,600	104,733
Miscellaneous fees	11,600	33,946	63,606	46,273
Other	<u>103,833</u>	<u>104,663</u>	<u>107,727</u>	<u>138,328</u>
REVENUES BEFORE OTHER FINANCING SOURCES	<u>5,411,220</u>	<u>5,903,253</u>	<u>6,456,725</u>	<u>6,751,694</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u> </u>	<u> </u>	<u> </u>	<u>63,217</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 5,411,220</u>	<u>\$ 5,903,253</u>	<u>\$ 6,456,725</u>	<u>\$ 6,814,911</u>

2000	2001	2002	2003	2004	2005
\$ 2,897,732	\$ 2,797,994	\$ 2,950,120	\$ 3,496,851	\$ 3,465,068	\$ 3,852,822
67,567	234,773	235,170	21,708	15,906	37,801
223	807	1,507	1,917	203	523
2,156,216	2,674,554	2,457,712	2,273,373	2,111,788	2,138,282
783,041	1,791,773	2,542,340	2,519,324	2,326,422	2,808,518
554,629	331,589	57,769	126,761	128,240	305,828
42,000		500	108,449	(39,550)	5,738
61,404	126,716	71,340	132,335	292,525	319,765
<u>79,475</u>	<u>92,357</u>	<u>67,986</u>	<u>17,213</u>	<u>125,275</u>	<u>159,693</u>
<u>6,642,287</u>	<u>8,050,563</u>	<u>8,384,444</u>	<u>8,697,931</u>	<u>8,425,877</u>	<u>9,628,970</u>
	<u>94,018</u>			<u>1,609,096</u>	<u>616,218</u>
\$ <u><u>6,642,287</u></u>	\$ <u><u>8,144,581</u></u>	\$ <u><u>8,384,444</u></u>	\$ <u><u>8,697,931</u></u>	\$ <u><u>10,034,973</u></u>	\$ <u><u>10,245,188</u></u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -

BY ACTIVITY

LAST TEN FISCAL PERIODS

(UNAUDITED)

	1996	1997	1998	1999
EXPENDITURES				
Township board	\$ 15,698	\$ 20,226	\$ 20,367	\$ 27,467
Township supervisor	117,543	140,436	147,343	162,743
Assessing	218,276	260,027	371,127	327,720
Legal	162,880	260,435	339,019	380,071
Township clerk	199,222	224,177	248,619	275,754
Auditing and accounting	14,050	14,850	15,400	15,400
Board of review	5,858	6,567	5,598	6,782
Tax roll and data processing	35,052	30,731	30,574	31,117
Township treasurer	191,962	193,333	207,667	236,668
Township hall	113,669	133,240	155,800	180,672
General services	120,927	134,985	171,603	104,488
Police protection	1,507,265	1,767,544	1,884,444	1,929,820
Ordinance enforcement				
Elections	50,481		30,471	
Fire protection	709,286	824,274	872,692	953,106
Building and inspections	368,803	442,831	523,304	627,143
Street lighting	21,804	21,787	21,916	20,953
Refuse				
Weed and dust control				
Library service	400,072	422,766	470,430	511,106
Planning and zoning	108,575	138,797	155,318	172,881
Parks and recreation	72,302	99,543	131,124	128,710
Water and sewer				
Other costs	99,467	81,078	105,073	231,074
EXPENDITURES BEFORE OTHER FINANCING USES	4,533,192	5,217,627	5,907,889	6,323,675
OTHER FINANCING USES				
Improvement revolving fund				
Building and improvement fund				
Building inspection				
Cemetery fund	500,000		450,000	
Fire fund				
Road improvement fund			50,000	
Retirement health benefit				
Operating transfers in			300,000	63,217
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 5,033,192	\$ 5,217,627	\$ 6,707,889	\$ 6,386,892

2000	2001	2002	2003	2004	2005
\$ 23,369	\$ 27,462	\$ 28,652	\$ 28,826	\$ 28,880	\$ 27,386
167,162	99,857	104,495	108,679	108,213	161,294
397,637	462,056	497,166	521,797	540,346	564,828
444,528	441,234	350,103	398,131	374,569	312,461
347,165	408,467	397,676	418,469	462,391	486,630
11,155	11,700	11,877	16,000	20,580	19,130
4,800	7,410	7,590	4,700	5,700	6,500
24,470	28,097	30,631	32,277	28,736	4,706
252,386	296,510	282,607	310,386	312,144	336,881
147,033	131,819	77,879	107,964	123,033	82,512
220,596	156,368	192,327	204,644	237,904	214,216
1,925,305	2,039,488	2,137,396	2,214,402	2,421,130	3,133,866
		58,268	91,173	114,115	112,622
50,065	5,445	45,388	3,898	75,324	29,754
1,003,322	1,236,348	1,372,961	(31,703)		
	(5,909)	(67)	(692)		
25,595	21,967	27,171	35,083	39,992	37,150
	1,246,457	1,322,184	1,413,547	1,363,212	1,556,289
	72,745	89,440	81,857	155,600	92,324
582,661	570,183	611,236	662,750	437,216	(44,236)
176,473	220,806	225,070	246,539	245,485	222,967
182,630	179,075	221,451	235,580	259,714	261,744
183,850	(507)				
222,892	354,373	483,304	347,099	161,561	86,601
6,393,094	8,011,451	8,574,805	7,451,406	7,515,845	7,705,625
	413,799	50,435		301,589	2,207,842
	2,594				117,023
				200,000	
				2,004,012	1,239,528
				400,000	
		11,000	11,000		30,000
			4,618	7	
\$ 6,393,094	\$ 8,427,844	\$ 8,636,240	\$ 7,467,024	\$ 10,421,453	\$ 11,300,018

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

CHARTER TOWNSHIP OF COMMERCE
NON MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	IMPROVEMENT AND BUILDING
ASSETS				
Cash and cash equivalents	\$ 558,712	\$ 168,131	\$ 360,608	\$ 150,709
Investments			790,445	2,557,207
Receivables				
Interest	3,443		5,855	12,011
Taxes	677,648			
Special assessments				
Due from other funds				
Due from other governmental units				
TOTAL ASSETS	<u>\$ 1,239,803</u>	<u>\$ 168,131</u>	<u>\$ 1,156,908</u>	<u>\$ 2,719,927</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$ 10,567	\$ 24,070	\$ 35,722
Accrued payroll and other liabilities		17,593		
Due to other funds		122,068		
Deferred revenue	<u>677,648</u>			
TOTAL LIABILITIES	<u>677,648</u>	<u>150,228</u>	<u>24,070</u>	<u>35,722</u>
FUND BALANCE				
Reserved for construction projects			148,925	1,942,955
Unreserved, undesignated	<u>562,155</u>	<u>17,903</u>	<u>983,913</u>	<u>741,250</u>
TOTAL FUND BALANCE	<u>562,155</u>	<u>17,903</u>	<u>1,132,838</u>	<u>2,684,205</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,239,803</u>	<u>\$ 168,131</u>	<u>\$ 1,156,908</u>	<u>\$ 2,719,927</u>

COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	IMPROVEMENT REVOLVING	WATER CAP CHARGES
\$	\$ 3,768	\$ 12,399	\$ 50,152	\$ 2,060,090
	135,335	332,953		3,515,660
				32,921
				3,774
12,585			48,336	89,451
52,488				
\$ 65,073	\$ 139,103	\$ 345,352	\$ 98,488	\$ 5,701,896
\$ 23,153	\$	\$	\$ 29,790	\$ 2,222
41,920				3,774
				5,996
65,073			29,790	
	139,103	345,352	68,698	4,200,000
	139,103	345,352	68,698	1,495,900
				5,695,900
\$ 65,073	\$ 139,103	\$ 345,352	\$ 98,488	\$ 5,701,896

CHARTER TOWNSHIP OF COMMERCE
NON MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - Concluded
DECEMBER 31, 2005

	FIRE	LIBRARY	RETIREMENT HEALTH BENEFIT	TOTALS
ASSETS				
Cash and cash equivalents	\$ 123,549	\$ 651,214	\$ 56,077	\$ 4,195,409
Investments	415,116	1,154,245		8,900,961
Receivables				
Interest		10,090		64,320
Taxes	1,142,073	1,696,931		3,516,652
Special assessments				3,774
Due from other funds				150,372
Due from other governmental units				52,488
TOTAL ASSETS	<u>\$ 1,680,738</u>	<u>\$ 3,512,480</u>	<u>\$ 56,077</u>	<u>\$ 16,883,976</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 69,914	\$ 23,263	\$	\$ 218,701
Accrued payroll and other liabilities	42,798	8,731		69,122
Due to other funds	362,932			526,920
Deferred revenue	1,142,073	1,696,931		3,520,426
TOTAL LIABILITIES	<u>1,617,717</u>	<u>1,728,925</u>		<u>4,335,169</u>
FUND BALANCE				
Reserved for construction projects	63,021	1,154,245		7,509,146
Unreserved, undesignated		629,310	56,077	5,039,661
TOTAL FUND BALANCE	<u>63,021</u>	<u>1,783,555</u>	<u>56,077</u>	<u>12,548,807</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,680,738</u>	<u>\$ 3,512,480</u>	<u>\$ 56,077</u>	<u>\$ 16,883,976</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2005

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	IMPROVEMENT AND BUILDING
REVENUES				
Property taxes	\$ 630,499	\$	\$	\$
Intergovernmental revenues				
Federal and state grants				
Interest income	18,169		36,507	42,102
Charges for services		1,398,757		
Miscellaneous revenue				162,057
TOTAL REVENUES	<u>648,668</u>	<u>1,398,757</u>	<u>36,507</u>	<u>204,159</u>
EXPENDITURES				
General government				
Professional fees				
Community services				
Public health and safety		1,011,854		
Public works				
Roads			81,730	
Building, equipment and other	<u>86,513</u>			<u>452,167</u>
TOTAL EXPENDITURES	<u>86,513</u>	<u>1,011,854</u>	<u>81,730</u>	<u>452,167</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	562,155	386,903	(45,223)	(248,008)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		117,023		2,535,082
Operating transfers out		<u>(369,000)</u>		<u>(2,581,072)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	562,155	134,926	(45,223)	(293,998)
FUND BALANCE, JANUARY 1		(117,023)	1,178,061	2,978,203
RESIDUAL EQUITY TRANSFER				
FUND BALANCE, DECEMBER 31	<u>\$ 562,155</u>	<u>\$ 17,903</u>	<u>\$ 1,132,838</u>	<u>\$ 2,684,205</u>

COMMUNITY DEVELOPMENT	MUSEUM	CEMETERY	IMPROVEMENT REVOLVING	WATER CAP CHARGES
\$	\$	\$	\$	\$
66,747	4,904	9,542	(61,461)	175,569
	1,326	8,700		1,579,626
<u>66,747</u>	<u>6,230</u>	<u>18,242</u>	<u>(61,461)</u>	<u>12,868</u>
				<u>1,768,063</u>
66,747	1,184	14,406		
			468,769	410,727
<u>66,747</u>	<u>1,184</u>	<u>14,406</u>	<u>468,769</u>	<u>410,727</u>
	5,046	3,836	(530,230)	1,357,336
			380,509	14,800
			<u>(107,025)</u>	
	5,046	3,836	(256,746)	1,372,136
	134,057	341,516	19,194,482	
			<u>(18,869,038)</u>	<u>4,323,764</u>
\$ <u><u> </u></u>	\$ <u><u>139,103</u></u>	\$ <u><u>345,352</u></u>	\$ <u><u>68,698</u></u>	\$ <u><u>5,695,900</u></u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - Concluded FOR THE YEAR ENDED DECEMBER 31, 2005

	FIRE	LIBRARY	RETIREMENT HEALTH BENEFIT	TOTALS
REVENUES				
Property taxes	\$ 1,062,573	\$ 1,576,414	\$	\$ 3,269,486
Intergovernmental revenues				
Federal and state grants				66,747
Interest income	11,679	103,653	789	341,453
Charges for services				2,987,083
Miscellaneous revenue	<u>59,771</u>	<u>7,814</u>	<u>1,454</u>	<u>245,290</u>
TOTAL REVENUES	<u>1,134,023</u>	<u>1,687,881</u>	<u>2,243</u>	<u>6,910,059</u>
EXPENDITURES				
General government			540	540
Professional fees				14,406
Community services		2,243,142		2,311,073
Public health and safety	2,284,485			3,296,339
Public works				879,496
Roads				81,730
Building, equipment and other	<u></u>	<u></u>	<u></u>	<u>538,680</u>
TOTAL EXPENDITURES	<u>2,284,485</u>	<u>2,243,142</u>	<u>540</u>	<u>7,122,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,150,462)	(555,261)	1,703	(212,205)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,239,528	2,338,816	30,000	6,655,758
Operating transfers out	<u></u>	<u></u>	<u></u>	<u>(3,057,097)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	89,066	1,783,555	31,703	3,386,456
FUND BALANCE, JANUARY 1	(26,045)		24,374	23,707,625
RESIDUAL EQUITY TRANSFER	<u></u>	<u></u>	<u></u>	<u>(14,545,274)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 63,021</u>	<u>\$ 1,783,555</u>	<u>\$ 56,077</u>	<u>\$ 12,548,807</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	OPEN SPACE		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Property taxes	\$ 630,500	\$ 630,499	\$ (1)
Intergovernmental revenues			
Federal and state grants			
Interest income	1,500	18,169	16,669
Charges for services			
Miscellaneous revenue			
TOTAL REVENUES	<u>632,000</u>	<u>648,668</u>	<u>16,668</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other	<u>86,900</u>	<u>86,513</u>	<u>387</u>
TOTAL EXPENDITURES	<u>86,900</u>	<u>86,513</u>	<u>387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	545,100	562,155	17,055
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	545,100	562,155	17,055
FUND BALANCE, JANUARY 1			
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	<u>\$ 545,100</u>	<u>\$ 562,155</u>	<u>\$ 17,055</u>

BUILDING INSPECTION			ROAD IMPROVEMENT		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
1,409,800	1,398,757	(11,043)	30,000	36,507	6,507
<u>1,409,800</u>	<u>1,398,757</u>	<u>(11,043)</u>	<u>30,000</u>	<u>36,507</u>	<u>6,507</u>
1,042,434	1,011,854	30,580	60,000	81,730	(21,730)
<u>1,042,434</u>	<u>1,011,854</u>	<u>30,580</u>	<u>60,000</u>	<u>81,730</u>	<u>(21,730)</u>
367,366	386,903	19,537	(30,000)	(45,223)	(15,223)
<u>117,023</u> <u>(369,000)</u>	<u>117,023</u> <u>(369,000)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
115,389	134,926	19,537	(30,000)	(45,223)	(15,223)
(117,023)	(117,023)		1,178,061	1,178,061	
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ <u>(1,634)</u>	\$ <u>17,903</u>	\$ <u>19,537</u>	\$ <u>1,148,061</u>	\$ <u>1,132,838</u>	\$ <u>(15,223)</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued

FOR THE YEAR ENDED DECEMBER 31, 2005

	IMPROVEMENT AND BUILDING		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income	13,200	42,102	28,902
Charges for services			
Miscellaneous revenue	<u>22,800</u>	<u>162,057</u>	<u>139,257</u>
TOTAL REVENUES	<u>36,000</u>	<u>204,159</u>	<u>168,159</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other	<u>84,743</u>	<u>452,167</u>	<u>(367,424)</u>
TOTAL EXPENDITURES	<u>84,743</u>	<u>452,167</u>	<u>(367,424)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,743)	(248,008)	(199,265)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	310,030	2,535,082	2,225,052
Operating transfers out	<u></u>	<u>(2,581,072)</u>	<u>(2,581,072)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	261,287	(293,998)	(555,285)
FUND BALANCE, JANUARY 1	2,978,203	2,978,203	
RESIDUAL EQUITY TRANSFER	<u></u>	<u></u>	<u></u>
FUND BALANCE, DECEMBER 31	<u>\$ 3,239,490</u>	<u>\$ 2,684,205</u>	<u>\$ (555,285)</u>

COMMUNITY DEVELOPMENT			MUSEUM		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
83,188	66,747	(16,441)	5,000	4,904	(96)
			1,350	1,326	(24)
<u>83,188</u>	<u>66,747</u>	<u>(16,441)</u>	<u>6,350</u>	<u>6,230</u>	<u>(120)</u>
83,188	66,747	16,441	1,500	1,184	316
<u>83,188</u>	<u>66,747</u>	<u>16,441</u>	<u>1,500</u>	<u>1,184</u>	<u>316</u>
			4,850	5,046	196
			4,850	5,046	196
			134,057	134,057	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 138,907</u>	<u>\$ 139,103</u>	<u>\$ 196</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued
FOR THE YEAR ENDED DECEMBER 31, 2005

	CEMETERY		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income	1,500	9,542	8,042
Charges for services	14,000	8,700	(5,300)
Miscellaneous revenue			
TOTAL REVENUES	<u>15,500</u>	<u>18,242</u>	<u>2,742</u>
EXPENDITURES			
General government			
General services			
Professional fees	14,798	14,406	392
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES	<u>14,798</u>	<u>14,406</u>	<u>392</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	702	3,836	3,134
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	702	3,836	3,134
FUND BALANCE, JANUARY 1	341,516	341,516	
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	<u>\$ 342,218</u>	<u>\$ 345,352</u>	<u>\$ 3,134</u>

IMPROVEMENT REVOLVING			WATER CAP CHARGES		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
	(61,461)	(61,461)	25,000	175,569	150,569
			1,000,000	1,579,626	579,626
			70,000	12,868	(57,132)
	<u>(61,461)</u>	<u>(61,461)</u>	<u>1,095,000</u>	<u>1,768,063</u>	<u>673,063</u>
	468,769	(468,769)	1,555,000	410,727	1,144,273
	<u>468,769</u>	<u>(468,769)</u>	<u>1,555,000</u>	<u>410,727</u>	<u>1,144,273</u>
	(530,230)	(530,230)	(460,000)	1,357,336	1,817,336
	380,509	380,509		14,800	14,800
	<u>(107,025)</u>	<u>(107,025)</u>			
	(256,746)	(256,746)	(460,000)	1,372,136	1,832,136
19,194,482	19,194,482				
<u>(18,869,038)</u>	<u>(18,869,038)</u>		<u>4,323,764</u>	<u>4,323,764</u>	
\$ <u>325,444</u>	\$ <u>68,698</u>	\$ <u>(256,746)</u>	\$ <u>3,863,764</u>	\$ <u>5,695,900</u>	\$ <u>1,832,136</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2005

	FIRE		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Property taxes	\$ 1,063,016	\$ 1,062,573	\$ (443)
Intergovernmental revenues			
Federal and state grants	13,600		(13,600)
Interest income	15,145	11,679	(3,466)
Charges for services			
Miscellaneous revenue	46,100	59,771	13,671
TOTAL REVENUES	<u>1,137,861</u>	<u>1,134,023</u>	<u>(3,838)</u>
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety	2,284,900	2,284,485	415
Public works			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES	<u>2,284,900</u>	<u>2,284,485</u>	<u>415</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,147,039)	(1,150,462)	(3,423)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,159,000	1,239,528	80,528
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	11,961	89,066	77,105
FUND BALANCE, JANUARY 1	(26,045)	(26,045)	
RESIDUAL EQUITY TRANSFER			
FUND BALANCE, DECEMBER 31	<u>\$ (14,084)</u>	<u>\$ 63,021</u>	<u>\$ 77,105</u>

LIBRARY			RETIREMENT HEALTH BENEFIT		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 2,159,414	\$ 1,576,414	\$ (583,000)	\$	\$	\$
100,000	103,653	3,653	200	789	589
6,500	7,814	1,314	1,500	1,454	(1,500)
<u>2,265,914</u>	<u>1,687,881</u>	<u>(578,033)</u>	<u>1,700</u>	<u>2,243</u>	<u>1,454</u>
			1,000	540	460
2,230,900	2,243,142	(12,242)			
<u>2,230,900</u>	<u>2,243,142</u>	<u>(12,242)</u>	<u>1,000</u>	<u>540</u>	<u>460</u>
35,014	(555,261)	(590,275)	700	1,703	1,003
	2,338,816	2,338,816	30,000	30,000	
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
35,014	1,783,555	1,748,541	30,700	31,703	1,003
			24,374	24,374	
<u>\$ 35,014</u>	<u>\$ 1,783,555</u>	<u>\$ 1,748,541</u>	<u>\$ 55,074</u>	<u>\$ 56,077</u>	<u>\$ 1,003</u>

DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2005

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS	1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS
ASSETS				
Cash and cash equivalents	\$ 8	\$ 85,066	\$ 6,470	\$ 54
Special assessments receivable	2,589		475	1,573
Interest receivable				
Due from other funds	21,380			
TOTAL ASSETS	<u>\$ 23,977</u>	<u>\$ 85,066</u>	<u>\$ 6,945</u>	<u>\$ 1,627</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$	\$	\$	\$ 175
Deferred revenue	2,589		475	1,573
TOTAL LIABILITIES	<u>2,589</u>		<u>475</u>	<u>1,748</u>
FUND BALANCE				
Reserved for debt service	21,388	85,066	6,470	(121)
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 23,977</u>	<u>\$ 85,066</u>	<u>\$ 6,945</u>	<u>\$ 1,627</u>

1992 UNION/ COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1994 GOLF MANOR, SPECIAL PROJECT #4 STARWOOD SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKESIDE, EDGEWOOD & BARCLAY SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$ 259,241	\$ 236	\$ 4	\$	\$
858,805	1,539			
	533			
\$ <u>1,118,046</u>	\$ <u>2,308</u>	\$ <u>4</u>	\$ <u></u>	\$ <u></u>
\$ 80,045	\$	\$	\$	\$
858,805	1,539			
938,850	1,539			
179,196	769	4		
\$ <u>1,118,046</u>	\$ <u>2,308</u>	\$ <u>4</u>	\$ <u></u>	\$ <u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2005

	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
ASSETS				
Cash and cash equivalents	\$ 82,456	\$ 193,843	\$ 50,690	\$ 82,966
Special assessments receivable	418	2,836	2,557	85,070
Interest receivable				
Due from other funds				
TOTAL ASSETS	<u>\$ 82,874</u>	<u>\$ 196,679</u>	<u>\$ 53,247</u>	<u>\$ 168,036</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 16,617	\$	\$ 10,050	\$ 99,000
Deferred revenue	418	2,836	2,557	85,070
TOTAL LIABILITIES	<u>17,035</u>	<u>2,836</u>	<u>12,607</u>	<u>184,070</u>
FUND BALANCE				
Reserved for debt service	<u>65,839</u>	<u>193,843</u>	<u>40,640</u>	<u>(16,034)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 82,874</u>	<u>\$ 196,679</u>	<u>\$ 53,247</u>	<u>\$ 168,036</u>

1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FOX LAKE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A
\$ 311,088 76,758	\$ 265,333 68,285	\$ 934,046 257,601	\$ 584,119 121,760	\$ 330,812 160,828
<u>387,846</u>	<u>333,618</u>	<u>1,191,647</u>	<u>23,064</u> <u>728,943</u>	<u>491,640</u>
\$ <u>76,758</u> <u>76,758</u>	\$ <u>68,285</u> <u>68,285</u>	\$ <u>45,688</u> <u>257,601</u> <u>303,289</u>	\$ <u>121,760</u> <u>121,760</u>	\$ <u>1,000</u> <u>160,828</u> <u>161,828</u>
<u>311,088</u>	<u>265,333</u>	<u>888,358</u>	<u>607,183</u>	<u>329,812</u>
\$ <u><u>387,846</u></u>	\$ <u><u>333,618</u></u>	\$ <u><u>1,191,647</u></u>	\$ <u><u>728,943</u></u>	\$ <u><u>491,640</u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2005

	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B	2000 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECTS #20 SPECIAL PROJECTS #21	DODGE PARK
ASSETS				
Cash and cash equivalents	\$ 317,193	\$ 296,522	\$ 113,145	\$ 25,413
Special assessments receivable	442,821	272,486	469,824	
Interest receivable				
Due from other funds				
TOTAL ASSETS	<u>\$ 760,014</u>	<u>\$ 569,008</u>	<u>\$ 582,969</u>	<u>\$ 25,413</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 8,800	\$	\$ 460	\$
Deferred revenue	442,821	272,486	469,824	
TOTAL LIABILITIES	<u>451,621</u>	<u>272,486</u>	<u>470,284</u>	
FUND BALANCE				
Reserved for debt service	<u>308,393</u>	<u>296,522</u>	<u>112,685</u>	<u>25,413</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 760,014</u>	<u>\$ 569,008</u>	<u>\$ 582,969</u>	<u>\$ 25,413</u>

2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER	2005 MT. ROYAL BRIDGES, SPECIAL PROJECT #23	2000 FIRE BUILDINGS	TOTAL
\$ 213,762	\$ 1,574,264	\$ 61,091	\$	\$ 5,787,822
245,387	2,068,472	529,688		5,669,772
	4,647			4,647
				44,977
<u>\$ 459,149</u>	<u>\$ 3,647,383</u>	<u>\$ 590,779</u>	<u>\$</u>	<u>\$ 11,507,218</u>
\$	\$	\$	\$	\$
245,387	2,068,472	529,688		261,835
245,387	2,068,472	529,688		5,669,772
				5,931,607
213,762	1,578,911	61,091		5,575,611
<u>\$ 459,149</u>	<u>\$ 3,647,383</u>	<u>\$ 590,779</u>	<u>\$</u>	<u>\$ 11,507,218</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1988 MOUNT ROYAL SPECIAL ASSESSMENT BONDS	1991 BUSS DRIVE SPECIAL ASSESSMENT BONDS	1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	298	2,171	223	249
Special assessments	<u>1,476</u>	<u> </u>	<u>721</u>	<u>257</u>
TOTAL REVENUES	<u>1,774</u>	<u>2,171</u>	<u>944</u>	<u>506</u>
EXPENDITURES				
Debt principal				4,000
Debt interest and fees				705
Refunds of assessments	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u> </u>	<u> </u>	<u> </u>	<u>4,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,774	2,171	944	(4,199)
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	1,774	2,171	944	(4,199)
FUND BALANCE, JANUARY 1	<u>19,614</u>	<u>82,895</u>	<u>5,526</u>	<u>4,078</u>
FUND BALANCE, DECEMBER 31	<u>\$ 21,388</u>	<u>\$ 85,066</u>	<u>\$ 6,470</u>	<u>\$ (121)</u>

1992 UNION/ COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1994 GOLF MANOR, SPECIAL PROJECT #4 STARWOOD SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKESIDE, EDGEWOOD & BARCLAY SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
\$	\$	\$	\$	\$
68,476	126		1,547	1,916
143,134	242		1,186	2,247
<u>211,610</u>	<u>368</u>		<u>2,733</u>	<u>4,163</u>
150,000				
62,300				
<u>212,300</u>			<u>89,094</u>	<u>101,415</u>
			<u>89,094</u>	<u>101,415</u>
(690)	368		(86,361)	(97,252)
		1,155		
<u>(690)</u>	<u>368</u>	<u>1,155</u>	<u>(86,361)</u>	<u>(97,252)</u>
179,886	401	(1,151)	86,361	97,252
\$ <u>179,196</u>	\$ <u>769</u>	\$ <u>4</u>	\$ <u></u>	\$ <u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - Continued
FOR THE YEAR ENDED DECEMBER 31, 2005

	1995 RIVERWALK, GOLFSIDE & SPECIAL PROJECT #5 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1995 LAKE SHERWOOD & SPECIAL PROJECT #6 SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1996 COMMERCE ROAD WATERWAY & SPECIAL PROJECT #7 SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	2,420	6,844	2,042	11,876
Special assessments	4,945	32,758	13,466	85,206
TOTAL REVENUES	7,365	39,602	15,508	97,082
EXPENDITURES				
Debt principal				120,000
Debt interest and fees				6,000
Refunds of assessments				
TOTAL EXPENDITURES				126,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,365	39,602	15,508	(28,918)
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	7,365	39,602	15,508	(28,918)
FUND BALANCE, JANUARY 1	58,474	154,241	25,132	12,884
FUND BALANCE, DECEMBER 31	\$ 65,839	\$ 193,843	\$ 40,640	\$ (16,034)

1997	1998	1998	1999	2000
COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B	SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FAX LANE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A
\$	\$	\$	\$	\$
16,420	22,337	46,317	28,604	20,963
<u>100,593</u>	<u>73,319</u>	<u>146,394</u>	<u>151,823</u>	<u>61,930</u>
<u>117,013</u>	<u>95,656</u>	<u>192,711</u>	<u>180,427</u>	<u>82,893</u>
45,000	320,000		145,000	
2,269	15,279	21,300	32,688	16,475
<u>47,269</u>	<u>335,279</u>	<u>21,300</u>	<u>177,688</u>	<u>16,475</u>
69,744	(239,623)	171,411	2,739	66,418
<u>69,744</u>	<u>(239,623)</u>	<u>171,411</u>	<u>2,739</u>	<u>66,418</u>
241,344	504,956	716,947	604,444	263,394
<u>\$ 311,088</u>	<u>\$ 265,333</u>	<u>\$ 888,358</u>	<u>\$ 607,183</u>	<u>\$ 329,812</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2005

	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNIS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B	2001 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECT #20, SPECIAL PROJECT #21	DODGE PARK
REVENUES				
Taxes	\$	\$	\$	\$
Interest income	45,815	29,056	22,706	787
Special assessments	<u>124,429</u>	<u>77,826</u>	<u>112,041</u>	
TOTAL REVENUES	<u>170,244</u>	<u>106,882</u>	<u>134,747</u>	<u>787</u>
EXPENDITURES				
Debt principal	155,000	95,000	60,000	190,000
Debt interest and fees	37,843	22,250	17,190	78,290
Refunds of assessments				
TOTAL EXPENDITURES	<u>192,843</u>	<u>117,250</u>	<u>77,190</u>	<u>268,290</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,599)	(10,368)	57,557	(267,503)
OTHER FINANCING SOURCES (USES)				
Operating transfers in			14,613	268,290
Operating transfers out				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(22,599)	(10,368)	72,170	787
FUND BALANCE, JANUARY 1	<u>330,992</u>	<u>306,890</u>	<u>40,515</u>	<u>24,626</u>
FUND BALANCE, DECEMBER 31	<u>\$ 308,393</u>	<u>\$ 296,522</u>	<u>\$ 112,685</u>	<u>\$ 25,413</u>

2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER	2005 MT. ROYAL BRIDGES, SPECIAL PROJECT #23	2000 FIRE BUILDINGS	TOTAL
\$	\$	\$	\$	\$
19,882	149,385		578,362	578,362
68,841	626,089	61,091	1,091	501,551
<u>88,723</u>	<u>775,474</u>	<u>61,091</u>	<u>579,453</u>	<u>1,890,014</u>
				<u>2,969,927</u>
75,000	500,000		575,000	2,434,000
16,563	120,000		11,650	460,802
<u>91,563</u>	<u>620,000</u>		<u>586,650</u>	<u>190,509</u>
				<u>3,085,311</u>
(2,840)	155,474	61,091	(7,197)	(115,384)
				284,058
			(934)	(934)
(2,840)	155,474	61,091	(8,131)	167,740
<u>216,602</u>	<u>1,423,437</u>		<u>8,131</u>	<u>5,407,871</u>
\$ <u>213,762</u>	\$ <u>1,578,911</u>	\$ <u>61,091</u>	\$ <u></u>	\$ <u>5,575,611</u>

CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2005

	CENTRAL WEST SEWER	MOUNT ROYAL DREDGING	MT. ROYAL BRIDGE REPAIR	SHADY POINT SEWER	HILLS OF BOGIE LAKE
ASSETS					
Cash and cash equivalents	\$ <u>482,845</u>	\$ <u> </u>	\$ <u>24,050</u>	\$ <u>26,045</u>	\$ <u>42,064</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$	\$	\$ 5,429	\$	\$
Due to other funds	<u> </u>	<u> </u>	<u>17,794</u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u>23,223</u>	<u> </u>	<u> </u>
FUND BALANCE					
Unreserved, undesignated	<u>482,845</u>	<u> </u>	<u>827</u>	<u>26,045</u>	<u>42,064</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>482,845</u>	\$ <u> </u>	\$ <u>24,050</u>	\$ <u>26,045</u>	\$ <u>42,064</u>

WINEWOOD/ WOODLAND WATER	SPECIAL PROJECT #20	MIMOSA ESTATES	SPECIAL PROJECTS #21	CENTRAL WEST WATER MAIN	GREENLAWN/ COMMERCE ROAD SEWER
\$ <u>4,717</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>3,631</u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
<u>4,717</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>3,631</u>
\$ <u>4,717</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>3,631</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2005

	LADD ROAD WATER	SPECIAL PROJECT #22	SPECIAL PROJECT #23	TOTAL
ASSETS				
Cash and cash equivalents	\$ <u>75,771</u>	\$ <u>14,244</u>	\$ <u> </u>	\$ <u>673,367</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$ 5,429
Due to other funds	<u> </u>	<u> </u>	<u>22,117</u>	<u>39,911</u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u>22,117</u>	<u>45,340</u>
FUND BALANCE				
Unreserved, undesignated	<u>75,771</u>	<u>14,244</u>	<u>(22,117)</u>	<u>628,027</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>75,771</u>	\$ <u>14,244</u>	\$ <u> </u>	\$ <u>673,367</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

	CENTRAL WEST SEWER	MOUNT ROYAL DREDGING	MT. ROYAL BRIDGE REPAIR	SHADY POINTE SEWER	HILLS OF BOGIE LAKE
REVENUES					
Interest income	\$ 11,422	\$	\$ 913	\$ 1,830	\$ 2,839
Special assessments		143	4,556		
TOTAL REVENUES	<u>11,422</u>	<u>143</u>	<u>5,469</u>	<u>1,830</u>	<u>2,839</u>
EXPENDITURES					
Capital outlay	<u>14,785</u>	<u>38</u>	<u>429,466</u>	<u>470</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,363)	105	(423,997)	1,360	2,839
OTHER FINANCING SOURCES (USES)					
Bond proceeds			452,200		
Operating transfers in	33,555	34			
Operating transfers out		<u>(3,943)</u>			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	30,192	(3,804)	28,203	1,360	2,839
FUND BALANCE, JANUARY 1	<u>452,653</u>	<u>3,804</u>	<u>(27,376)</u>	<u>24,685</u>	<u>39,225</u>
FUND BALANCE, DECEMBER 31	<u>\$ 482,845</u>	<u>\$</u>	<u>\$ 827</u>	<u>\$ 26,045</u>	<u>\$ 42,064</u>

WINWOOD/ WOODLAND WATER	SPECIAL PROJECTS #20	MIMOSA ESTATES	SPECIAL PROJECTS #21	CENTRAL WEST WATER MAIN	GREENLAWN/ COMMERCE ROAD SEWER
\$ 343	\$ 168	\$ 354	\$	\$ 7,144	\$ 492
<u>343</u>	<u>168</u>	<u>354</u>	<u></u>	<u>7,144</u>	<u>492</u>
	<u>56</u>	<u>11</u>	<u>68</u>	<u>1,480,095</u>	<u>32,864</u>
343	112	343	(68)	(1,472,951)	(32,372)
			16	1,899,190	46,684
<u></u>	<u>(4,803)</u>	<u></u>	<u>(5,916)</u>	<u>(229,707)</u>	<u></u>
343	(4,691)	343	(5,968)	196,532	14,312
<u>4,374</u>	<u>4,691</u>	<u>(343)</u>	<u>5,968</u>	<u>(196,532)</u>	<u>(10,681)</u>
\$ <u><u>4,717</u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u>3,631</u></u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2005

	LADD ROAD WATER	SPECIAL PROJECT #22	SPECIAL PROJECT #23	TOTAL
REVENUES				
Interest income	\$ 2,785	\$ 599	\$ 14	\$ 28,903
Special assessments		26,120		30,819
TOTAL REVENUES	<u>2,785</u>	<u>26,719</u>	<u>14</u>	<u>59,722</u>
EXPENDITURES				
Capital outlay	<u>85,128</u>	<u>9,733</u>	<u>234,931</u>	<u>2,287,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(82,343)	16,986	(234,917)	(2,227,923)
OTHER FINANCING SOURCES (USES)				
Bond proceeds		129,972	212,800	2,740,846
Operating transfers in	49,390			82,995
Operating transfers out		<u>(132,714)</u>		<u>(377,083)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(32,953)	14,244	(22,117)	218,835
FUND BALANCE, JANUARY 1	<u>108,724</u>			<u>409,192</u>
FUND BALANCE, DECEMBER 31	<u>\$ 75,771</u>	<u>\$ 14,244</u>	<u>\$ (22,117)</u>	<u>\$ 628,027</u>

COMPONENT UNIT

A discretely presented component unit is an entity that is legally separate from the Township, but for which the Township is financially accountable or its relationship with the Township is such that exclusion would cause the Township's financial statements to be misleading or incomplete.

The component unit of the Charter Township of Commerce is:

Downtown Development Authority

CHARTER TOWNSHIP OF COMMERCE
 COMPONENT UNIT
 DOWNTOWN DEVELOPMENT AUTHORITY
 ALL FUND TYPES AND ACCOUNT GROUPS
 COMBINED BALANCE SHEET
 DECEMBER 31, 2005

	CAPITAL PROJECTS	LONG-TERM DEBT ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$ 2,651,623	\$	\$ 2,651,623
Investments	1,818,484		1,818,484
Interest receivable	15,383		15,383
Amount to be provided for debt service		57,000,000	57,000,000
TOTAL ASSETS	<u>\$ 4,485,490</u>	<u>\$ 57,000,000</u>	<u>\$ 61,485,490</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 318,201	\$	\$ 318,201
Long-term debt obligations		57,000,000	57,000,000
TOTAL LIABILITIES	<u>318,201</u>	<u>57,000,000</u>	<u>57,318,201</u>
FUND BALANCE			
Unreserved - undesignated	<u>4,167,289</u>		<u>4,167,289</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,485,490</u>	<u>\$ 57,000,000</u>	<u>\$ 61,485,490</u>

CHARTER TOWNSHIP OF COMMERCE
 COMPONENT UNIT
 DOWNTOWN DEVELOPMENT AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2005

	CAPITAL PROJECTS
REVENUES	
Current property taxes	\$ 2,276,354
Other income	205,424
Interest income	<u>391,817</u>
TOTAL REVENUES	<u>2,873,595</u>
EXPENDITURES	
Professional fees	703,346
Construction	17,348,077
Debt service	
Principal	
Interest	<u>2,118,828</u>
TOTAL EXPENDITURES	<u>20,170,251</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(17,296,656)</u>
OTHER FINANCING USES	
Operating transfers out	<u>(268,290)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(17,564,946)
FUND BALANCE, JANUARY 1	<u>21,732,235</u>
FUND BALANCE, DECEMBER 31	<u>\$ 4,167,289</u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF INDEBTEDNESS

DECEMBER 31, 2005

1992 Lake Pine Capital Charges Special Assessment General Obligation Limited Tax Bonds, Series A

Issued: September 1, 1992
Dated: September 1, 1992
Original principal amount: \$73,000
Interest rates: 6.5% *

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006	\$ 4,000	\$ <u>4,000</u>

* The interest rate is subject to reset on November 1, 2002 and November 1, 2006 at the option of National City Bank to not more than .5% over the Bank's Base Lending Rate.

Special Assessment Bonds General Obligation Limited Tax Bonds, Series 1992-B

Issued: July 1, 1992
Dated: July 1, 1992
Original principal amount: \$2,910,000
Interest rates: 5.692%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2005-2011	\$ 150,000	<u>900,000</u>

El Dorado Land Contract

Issued: October 24, 2003
Dated: October 24, 2003
Original principal amount: \$9,000,000
Interest rates: Variable

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2007	\$ 9,000,000	\$ <u>9,000,000</u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF INDEBTEDNESS - Continued

DECEMBER 31, 2005

2005 Special Assessment (LTGO) Bonds, Series 2005-A

Issued: May 3, 2005
 Dated: May 1, 2005
 Original principal amount: \$5,305,000
 Interest rates: 3.51% to 3.52%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006	\$ 565,000	\$ 565,000
2007	615,000	615,000
2008-2009	570,000	1,140,000
2010	505,000	505,000
2011	500,000	500,000
2012-2015	495,000	<u>1,980,000</u>
		<u>\$ 5,305,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-A

Issued: June 25, 1998
 Dated: June 1, 1998
 Original principal amount: \$1,395,000
 Interest rates: 3.7% to 4.4%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2007	\$ 25,000	<u>\$ 25,000</u>

1998 Special Assessment (LTGO) Bonds, Series 1998-B

Issued: November 24, 1998
 Dated: November 1, 1998
 Original principal amount: \$3,060,000
 Interest rates: 3.7% to 3.75%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006	\$ 50,000	\$ 50,000
2007-2008	255,000	<u>510,000</u>
		<u>\$ 560,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2005

2005 Special Assessment (LTGO) Bonds, Series 2005-B

Issued: November 1, 2005
Dated: November 1, 2005
Original principal amount: \$665,000
Interest rates: 4.019% to 4.020%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006	\$ 45,000	\$ 45,000
2007-2011	65,000	325,000
2012	70,000	70,000
2013-2015	75,000	<u>225,000</u>
		<u>\$ 665,000</u>

1999 Special Assessment (LTGO) Bonds, Series A

Issued: July 1, 2002
Dated: June 1, 2002
Original principal amount: \$1,075,000
Interest rates: 4.16% to 4.17%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006	\$ 45,000	\$ 45,000
2007-2008	100,000	<u>200,000</u>
		<u>\$ 245,000</u>

1999 Special Assessment (LTGO) Bonds, Series B

Issued: December 28, 1999
Dated: December 1, 1999
Original principal amount: \$915,000
Interest rates: 5.03% to 5.04%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006	\$ 100,000	\$ 100,000
2007-2009	75,000	<u>225,000</u>
		<u>\$ 325,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2005

2000 Special Assessment (LTGO) Bonds, Series B

Issued: October 26, 2000
Dated: October 1, 2000
Original principal amount: \$1,540,000
Interest rates: 4.59% to 4.60%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006	\$ 155,000	\$ 155,000
2007-2008	150,000	300,000
2009-2010	140,000	<u>280,000</u>
		\$ <u>735,000</u>

2000 Special Assessment (LTGO) Bonds, Series A

Issued: May 25, 2000
Dated: May 1, 2000
Original Principal amount: \$970,000
Interest rates: 5.28% to 5.29%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006-2008	\$ 100,000	\$ <u>300,000</u>

2001 Special Assessment (LTGO) Bonds, Series A

Issued: May 24, 2002
Dated: May 1, 2002
Original Principal amount: \$855,000
Interest rates: 4.03% to 4.04%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006-2009	\$ 90,000	\$ 360,000
2010	85,000	<u>85,000</u>
		\$ <u>445,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2005

Special Assessment Bonds, Series 2002-A

Issued: June 4, 2005
Dated: June 1, 2005
Original principal amount: \$4,700,000
Interest rates: 4.35% to 5.00%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006	\$ 240,000	\$ 240,000
2007-2020	250,000	<u>3,500,000</u>
		<u>\$ 3,740,000</u>

Special Assessment Bonds, Series 2002-B

Issued: October 24, 2005
Dated: October 1, 2005
Original principal amount: \$675,000
Interest rates: 2.00% to 3.5%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006-2011	\$ 75,000	<u>\$ 450,000</u>

2003 Special Assessment (LTGO) Bonds, Series A

Issued: April 23, 2005
Dated: April 1, 2005
Original Principal amount: \$4,790,000
Interest rates: 3.11% to 3.13%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006-2012	\$ 500,000	<u>\$ 3,500,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2005

2004 Downtown Development Authority Bonds

Issued: November 15, 2005
Dated: October 30, 2005
Original principal amount: \$13,000,000
Interest rates: 2.00%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2008	\$ 425,000	\$ 425,000
2009	550,000	550,000
2010	700,000	700,000
2011	850,000	850,000
2012	1,000,000	1,000,000
2013	1,150,000	1,150,000
2014	1,300,000	1,300,000
2015	1,475,000	1,475,000
2016	1,650,000	1,650,000
2017	1,850,000	1,850,000
2018	2,050,000	<u>2,050,000</u>
		<u>\$ 13,000,000</u>

2005 IPC Financing - Dodge Park

Issued: March 23, 2005
Dated: March 23, 2005
Original principal amount: \$2,275,000
Interest rates: 3.55% to 3.56%

DUE DATES APRIL 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2005
2006	200,000	\$ 200,000
2007	210,000	210,000
2008	215,000	215,000
2009	225,000	225,000
2010	230,000	230,000
2011	240,000	240,000
2012	245,000	245,000
2013	255,000	255,000
2014	265,000	<u>265,000</u>
		<u>\$ 2,085,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Concluded
DECEMBER 31, 2005

Special Assessment Bonds, Series 2005-A

Issued: July 29, 2005
Dated: July 1, 2005
Original principal amount: \$555,000
Interest rates: 3.38% to 3.40%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2006-2008	\$ 60,000	\$ 180,000
2009-2011	55,000	165,000
2012-2014	50,000	<u>150,000</u>
		<u>\$ 495,000</u>

2005 Downtown Development Authority Bonds

Issued: December 16, 2005
Dated: December 1, 2005
Original principal amount: \$35,000,000
Interest rates: Variable

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2005
2009 - 2015	\$ 525,000	\$ 3,675,000
2016	1,100,000	1,100,000
2017	1,145,000	1,145,000
2018	1,195,000	1,195,000
2019	1,245,000	1,245,000
2020	1,300,000	1,300,000
2021	1,360,000	1,360,000
2022	1,415,000	1,415,000
2023	1,475,000	1,475,000
2024	1,540,000	1,540,000
2025	1,605,000	1,605,000
2026	1,675,000	1,675,000
2027	1,745,000	1,745,000
2028	1,820,000	1,820,000
2029	1,900,000	1,900,000
2030	1,985,000	1,985,000
2031	2,070,000	2,070,000
2032	2,155,000	2,155,000
2033	2,250,000	2,250,000
2034	2,345,000	<u>2,345,000</u>
		<u>\$ 35,000,000</u>



Layton & Richardson, P.C.

Certified Public Accountants

REPORT AND INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Township of Commerce
Commerce, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF COMMERCE, MICHIGAN, as of and for the year ended December 31, 2005, which collectively comprise the Township of Commerce's basic financial statements and have issued our report thereon dated April 7, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Commerce, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Commerce, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Township of Commerce, Michigan, in a separate letter dated April 7, 2006.

This report is intended solely for the information and use of the Township Board, management, and State and Federal Agencies and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

East Lansing, Michigan
April 7, 2006



Layton & Richardson, P.C.

Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Commerce
Commerce, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We have examined the financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, for the year ended December 31, 2005, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Commerce. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Commerce is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

PRIOR YEAR RECOMMENDATIONS

UNION ACTUARY

Commerce Township is under union contract obligation to provide a portion of health benefits to retirees. The Township has placed funds in a retiree health benefit account for the past several years. We recommend a professional actuary be conducted to determine the Township's liabilities. **This has been implemented.**

CASH RECEIPTS

While conducting the audit we noted that the Township had cash on deposit in financial institutions in excess of the federally insured limits. This presents a potential for losses to the Township in the event of bank failure. We understand that due to large deposits of cash receipts, it is difficult to maintain less than \$100,000 in these accounts. We strongly suggest that management closely monitor cash balances and transfer excess balances to other banks, where possible, to reduce the potential for loss of monetary amounts in excess of the federally insured levels. **This has not been implemented.**

PRIOR YEAR RECOMMENDATIONS – Concluded

CAPITAL ASSETS

Our audit procedures revealed several instances during the year where capital expenditures less than \$1,000 were capitalized. This is a violation of the Township's capitalization policy, which requires that only individual asset purchases of \$5,000 or more be recorded as fixed assets. We recommend that the Township adhere to its written policies so there is consistent application of the capitalization of fixed assets within the organization. **This has been implemented.**

CURRENT YEAR RECOMMENDATIONS

CAPITAL ASSETS

Currently, fixed assets are being recorded at year end. We recommend all fixed asset additions and deletions be recorded when they occur.

INVESTMENT POLICY

Due to the implementation of GASB 40, all investment policies need to be updated. We recommend the Township update their investment policy as soon as possible.

We are grateful to the Township employees for their assistance and cooperation extended to us during the audit.

Very truly yours,


Certified Public Accountants

East Lansing, Michigan
April 7, 2006